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ANNUAL REPORT 2021-22

NORTHWEST TERRITORIES POWER CORPORATION
Empowering Communities

NORTHWEST TERRITORIES HYDRO CORPORATION
Power for Generations

NTPC MISSION, VISION AND VALUES

Mission

To generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories

Vision

To enrich the lives of Northerners by providing power that encourages living, working and investing in the NWT

Values

Safety – We make safety our first priority, a cornerstone in all decisions

People – We consider the well-being and success of every employee in all decisions

Commitment – We are determined, agile and know how to keep the lights on

Community – We work with and for all Northerners

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INTRODUCTION

There were two over-arching issues that shaped the 2021-22 fiscal year: the COVID-19 pandemic and spring flooding in several of the communities served by the Northwest Territories Power Corporation.

As fiscal 2021-22 began on April 1, 2021, the COVID-19 pandemic continued to be an issue that impacted day-to-day operations as well as longer-term planning. Although there were positive signs that the situation was stabilizing, public health restrictions and supply chain challenges were significant factors that continued to be considered prior to decision-making.

As the year progressed, the nature of the pandemic changed as more people became fully vaccinated and new variants emerged. Like the rest of society, NTPC had to adapt quickly to these changing circumstances to maintain electricity service to our customers, to purchase goods and services and to advance projects. No aspect of our operations was unaffected.

Employers across the country and around the world faced difficult decisions related to keeping employees safe during the pandemic. NTPC consulted with the Government of the Northwest Territories and other Canadian utilities prior to introducing a mandatory vaccination policy in the fall. Employees and contractors were provided several months to provide proof of vaccination to avoid being placed on leave without pay (employees) or being denied access to NTPC worksites (contractors). The policy came into effect on January 7, 2022 and was rescinded on April 6, 2022.

NTPC revoked its declaration of a Level Three Emergency related to the pandemic on April 6, 2022. The Corporation had maintained a pandemic-specific Emergency Operations Centre since March 18, 2020, when the Chief Public Health Officer for the Northwest Territories initially declared a public health emergency.

The 2021 spring breakup in the NWT resulted in major flooding events in several communities, including Fort Simpson, Jean Marie River, Aklavik, Fort Good Hope and, to a lesser extent, Hay River. NTPC workers were on the ground in Fort Simpson, Jean Marie as well as other communities prior to, during and after the flooding. Employees worked closely with local emergency responders to ensure that the electricity system was de-energized when rising water levels made it unsafe and re-energized once the flood waters receded and power could be safely restored. In Hay River, NTPC provided workers and equipment to support recovery efforts by Northland Utilities, the local electricity distributor, after flooding on Vale Island.

CORPORATE PROFILE

NTPC was established in 1988 and is the leading electricity supplier in the Territory. Our mission is to generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories and its people.

NTPC's team is made up of over 200 dedicated employees, located in 26 communities throughout the territory. We manage more than $450 million in assets including: three hydroelectric systems, 26 diesel plants, five solar arrays, one battery storage system, and one natural gas plant. Together these provide a total generating capacity of 133 megawatts (MW).

NTPC generates power for more than 43,000 residents, located across the Territory's 1.2 million square kilometers. This power is delivered to our customers through 565 kilometers of transmission lines and 375 kilometers of distribution lines stretched between 9,790 power poles.

The Northwest Territories Power Corporation is a subsidiary of NT Hydro, which is a Crown Corporation. The Government of the Northwest Territories is its sole shareholder.

MINISTER'S MESSAGE

Providing reliable and affordable electricity in the North has always been more challenging than it is in southern Canada. Whether it be the long distances between communities, the harsh climate or complex supply lines, NTPC faces challenges every day that are unique to the North. Despite this, I have been extremely impressed by the hard work and commitment shown by employees since I became Minister.

This was more evident than ever during the response to flooding along the Mackenzie River in the spring of 2021. NTPC employees worked long hours in difficult conditions to ensure that power was available when needed in communities that had experienced or were facing the possibility of flooding. I want to thank them for their efforts.

Utilities across Canada are facing rising costs and are being tasked with balancing reliability, sustainability and affordability. In March 2022, NTPC submitted a General Rate Application to the NWT Public Utilities Board, seeking rate increases in all rate zones. The Government of the Northwest Territories will continue to work with NTPC to identify ways to moderate pressure on electricity rates. Alternative energy projects, such as Inuvik Wind, will help in the fight against climate change but will also reduce rate pressure by displacing 3,000,000 litres of costly diesel every year.

The Government of the Northwest Territories and NTPC continue their efforts to access Federal funding for refurbishment or replacement of key electricity infrastructure, thereby reducing the impact on ratepayers. We recognize the cost of living in the North is a challenge for many residents and the cost of power is a contributing factor. Federal support for major projects, such as hydro refurbishments and new transmission lines, is critical for the future economic well-being of the NWT.

In November 2021, I was pleased to announce the appointment of Cory Strang as President and CEO of NTPC. As a Metis born and raised in Hay River, Mr. Strang is the first President and CEO from the NWT to lead the Corporation since NTPC's establishment in 1988. Mr. Strang is a northerner with more than twenty years of experience working for the Corporation in a variety of financial positions including budgeting, regulatory affairs and risk management and his most recent position as Chief Financial Officer. Mr. Strang brings a wealth of experience to this position along with a valuable understanding of the NWT's partners and energy potential.

Sincerely,

Honourable Diane Archie

Minister Responsible for the Northwest Territories Hydro Corporation
and the Minister Responsible for the Northwest Territories Power Corporation

BOARD OF DIRECTORS

Chair:
Steve Loutitt

Vice-chair:
Martin Goldney

Directors:
William MacKay
Jamie Koe
Pamela Strand
Erin Kelly

High water in rivers and streams, including the Snare Spillway, posed a significant risk to key infrastructure in the spring and summer of 2021

YEAR IN REVIEW

As a result of significant issues that impacted many individuals and companies such as the ongoing COVID-19 pandemic, world-wide supply chain issues and flooding in communities along the Mackenzie River, 2021-22 was another unusual and challenging year for NTPC. Although these issues required the Corporation to adjust some its plans, several key initiatives continued to move forward.

OPERATIONS

During 2021-22, NTPC's Operations Division launched a review of its planned and unplanned outage communication protocols and began to implement improvements. Customers have begun to receive early notification of upcoming planned outages in the summer of 2022.

NTPC also continued to revise and update its COVID-specific Safe Work Practices as required by the changing nature of the pandemic to ensure safe workplaces for employees and contractors.

HYDRO

Water management was a key activity for NTPC's Hydro Division over the past year. There were record high water levels in the Taltson River basin and higher-than-average water levels throughout the Snare/Bluefish system.

Infrastructure associated with the Taltson Hydroelectric Facility held up very well despite the record high water levels. Site monitoring and evaluation was increased to quickly identify any signs of impending problems.

As a result of high water in Nonacho Lake (which feeds into the Taltson River), NTPC was required to open two of the gates at the Nonacho Lake dam to remain in compliance with its water licence. These gates had not been opened since 2014. When the Pine Point Mine was operating, the gates were opened and closed as required to ensure water levels downstream at the Taltson Hydroelectric Facility were sufficient to meet electricity demand. Since Pine Point closed, electricity demand in the South Slave has dropped and NTPC only operates the gates when required to maintain compliance with regulatory requirements. Water management activities do not relate directly to electricity generation.

High water flow rates through the Snare system, though not as extreme as was experienced in the Taltson system, did cause the wash out of bridge abutments on the Snare Road. Operational and engineering staff were able to quickly make repairs and the bridge was returned to full service after only a few days.

Despite these unplanned activities, planned annual maintenance was completed on all but one of the hydro units in the Snare/Bluefish system. Regular preventative maintenance on all diesel units in the hydro zone was completed. There were no major breakdowns on any hydro or diesel generating units in the North and South Slave regions.

Final commissioning of the refurbished Snare Forks Hydro Unit 1 was completed by the Hydro Division in July 2021.

Onsite construction of the new power plant in Lutsel K'e also began in 2021. The plant is expected to be commissioned in the fall of 2022.

THERMAL

In the Thermal Zone, NTPC successfully completed overhauls of several diesel engines during 2021-22. These overhauls are necessary to ensure the units can deliver reliable power to customers.

Work began on construction of a new power plant in Sachs Harbour, after being delayed for over a year by the pandemic.

NTPC and Fort McPherson residents experienced a challenging winter as a series of issues with generators at the local plant resulted in several extended outages over the winter. NTPC was in the process of replacing two of the three permanent generators in the plant following the identification of issues with one of the primary generators in April 2021. Although NTPC had two emergency generators on site with sufficient generation capacity to provide power while the permanent units were being installed, cold temperatures made operation of those two units problematic.

NTPC worked closely with community leaders to ensure that they were aware of what was happening and to assist in encouraging residents to restrict their power consumption at different times while work was underway to resolve the issues.

Replacement units were in place by the end of January 2022.

In Inuvik, a Power Purchase Agreement was signed by NTPC and Nihat Energy Ltd., formalizing an arrangement whereby NTPC will purchase power generated by a planned solar array in the community. Power Purchase Agreements are one of the ways in which NTPC is reducing the reliance on diesel in thermal communities.

NTPC also received funding approval for a third LNG tank in Inuvik and construction work was started in 2021. The additional tank will also contribute to lower GHG emissions from electricity generation as it will lead to a higher percentage of generation coming from LNG rather than diesel.

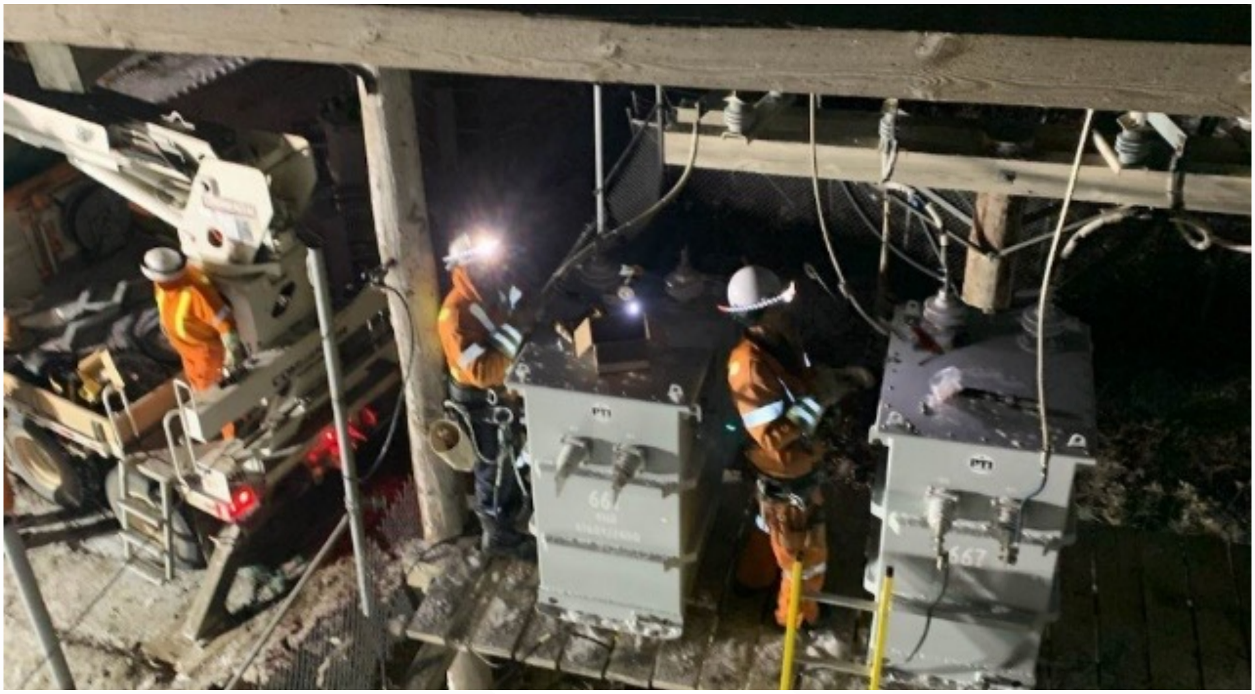
NTPC purchased a replacement generator for the Fort McPherson plant, which was transported to the community via the ice road in winter 2021.

TRANSMISSION AND DISTRIBUTION

2021-22 was the first year that the restructured Transmission and Distribution Division operated separately from the Hydro and Thermal divisions, which allowed greater focus on vegetation management, maintenance of transmission and distribution infrastructure and pole replacements.

NTPC's Transmission and Distribution team was actively involved in the response to flooding along the Mackenzie River, with some workers being away from home for an extended period as flood preparation and recovery efforts were underway. A number of power poles had to be relocated in Fort Simpson due to erosion associated with the flooding. This work was completed in early 2022.

A vegetation management program was established that will ensure a more strategic approach to brushing along transmission and distribution lines. Vegetation growth must be closely monitored around power lines to reduce the likelihood of branches and trees contacting power lines. Proactive vegetation management will enhance the reliability of electricity systems across the NWT.



Our team responds to all problems, regardless of the time or weather conditions. In this photo, linepeople are replacing three feeder transformers in Tuyktoyaktuk. The salt air in coastal communities causes corrosion (rust) to occur more quickly than in other locations.

The arrival of new housing units in Jean Marie River required installation of new power poles and the replacement of the transformer substation. This major project was completed in fewer hours than budgeted because of great teamwork and widespread community cooperation and support

Information Technology

NTPC's Information Technology team continued work to harden its systems following the 2020 ransomware attack. Utilities around the world continue to be targeted by hackers and other malicious entities, making security of information systems more important than ever.

The team also focused on innovation by implementing workflow improvement solutions that help to simplify a number of processes. This includes upgrades to existing systems as well as the installation of new technology. In 2021-22, the IT team helped the Customer Service Division introduce consolidated billing, allowing customers with more than 10 locations/accounts to receive a single bill.

The base and turbine blades for Inuvik Wind were stored in Hay River over the winter

NT ENERGY

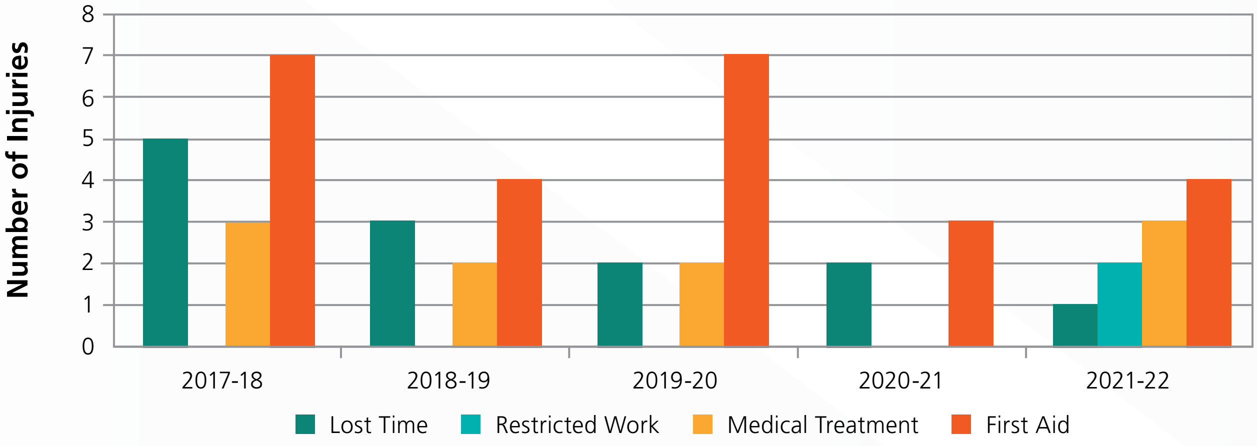
2021-22 saw activity begin at the future home of the Inuvik High Point Wind Project (IHPW) as well as the arrival in the NWT of key components of the wind turbine. Inuvik Wind is scheduled to begin generating electricity in early 2023.

The contract to construct the site access road was awarded to a Gwich'in company following an invitational Request for Proposal (RFP) process. NTPC recognizes the importance of ensuring economic and business development opportunities for local companies and workers flow from major capital projects.

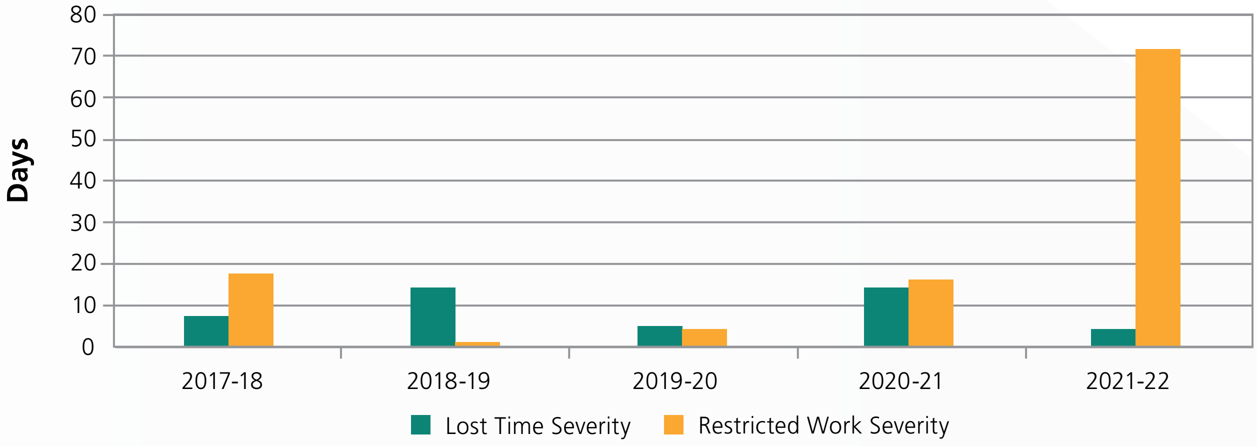
SAFETY AND ENVIRONMENT

The health and safety of employees and the public, and respect for the environment are among the highest priorities of NTPC. NTPC tracks its health and safety performance in a number of different ways. The graphs below are just two of the parameters which the Corporation measures on an annual basis.

INJURIES BY CLASS



INJURIES SEVERITY

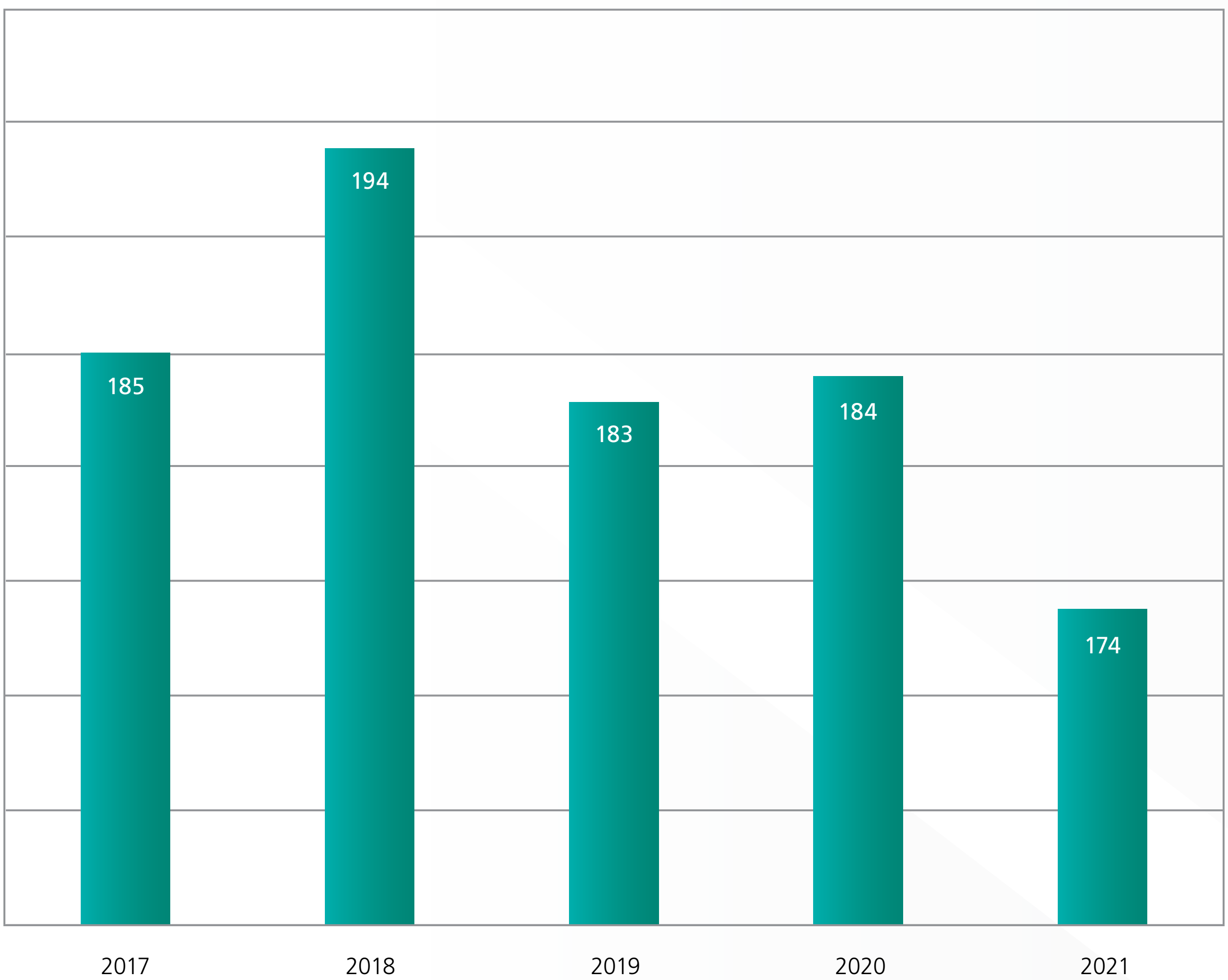


Regulatory licences and compliance with those licences is a significant area of focus for our Health Safety and Environment Division every year. In 2021-22, NTPC made progress on advancing several regulatory initiatives, including:

- **Snare Land Use Permit W2021Q0011** - Snare Winter Road, Strutt Lake Winter Road, all quarries and borrow locations on site, Snare Falls substation construction, construction of overflow camp for additional staff accommodation and any other major civil works in next five years
- **Bluefish Type A Water Licence MV2020L4-0005** - New licence has more conditions and requirements than previous one -- additional operational reporting; aquatic effects monitoring; dam safety submissions, notifications, stakeholder engagement; and review and resubmission of management plans
- **Bluefish Type A Land Use Permit MV2017X0005** - In February 2022, NTPC requested a two-year extension for land use permit, which pertains to the Bluefish Winter Road and was due to expire on April 5, 2022 – approval of the extension was granted on March 29, 2022.

GREENHOUSE GAS EMISSIONS (tC02e) PER GWh OF GENERATION

NTPC is committed to reducing its greenhouse gas emissions, primarily by using less diesel to generate electricity. This data is tracked annually, using the calendar year rather than the fiscal year. The graph below illustrates our performance over the past five years.



CUSTOMER SERVICE

NTPC continued to enhance its focus on improved customer service by creating a director level position. This was an internal reorganization that did not require the addition of staff.

Net Metering program

The Net Metering program has proven very popular since it was first introduced in 2014. The program is open to electricity customers who install solar panels on their property that do not exceed 15 kilowatts. Net Metering allows customers to accumulate energy credits monthly for any excess electricity they produce to be used against those months when their usage exceeds their production.

Currently, the amount of generation capacity is restricted to 20% of the average load in each eligible community in order to ensure the reliability of the local electricity system.

As of March 31, 2022, there were a total of 75 approved and installed solar locations registered with the Net Metering Program with a total installed capacity of 610 kilowatts. Net metering customers supplied 237 megawatt hours in 2021-22, compared to 30 megawatt hours in 2018-19.

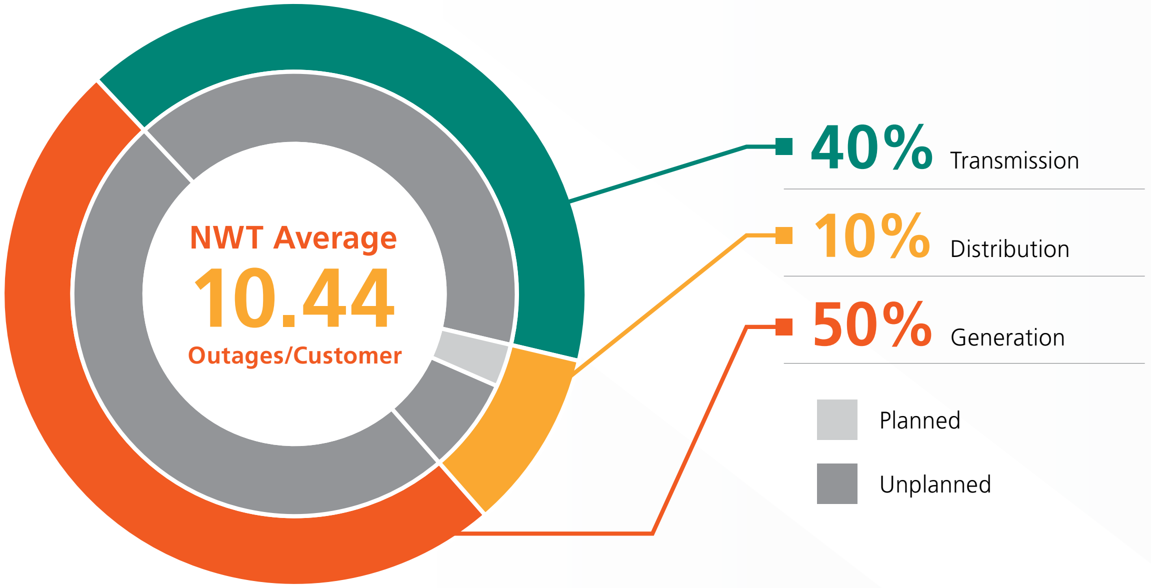
RELIABILITY

As has been the case for many years, the average electricity customer in the NWT experienced a higher frequency of outages in 2021 than the average Canadian customer.

However, the total length of time without power experienced by the average NTPC customer is significantly lower than what the average Canadian customer faces.

Average number of outages per NTPC customer:	10.44
Average number of outages across Canada per customer:	2.42
Average length of outage per NTPC customer:	25 minutes
Average length of outages across Canada per customer:	2 hours and 18 minutes
Total length of outages per NTPC customer:	4 hours and 25 minutes
Total length of outages across Canada per customer:	5 hours and 34 minutes

SOURCE OF OUTAGES



Data above does not include Hay River electricity customers as NTPC does not currently provide backup power in that community.

EMPOWERING COMMUNITIES

NTPC is proud to support organizations and events that enrich the lives of our customers in the communities we serve. Our community investment program focuses on four broad areas:

1. Education
2. Health and Wellness
3. Community
4. Environment

Our donations primarily focus on youth activities to help encourage development of a strong and well-rounded northern workforce and to support cultural and community development. However, we encourage non-profit organizations from all across the NWT to apply for funding through our program, whether they are primarily focused on youth or not. All applications that meet the criteria of the Community Investment Policy will be reviewed and considered for support.

In 2021-22, applications to the community investment program continued to lag behind pre-COVID numbers but began to increase later in the fiscal year as public health restrictions began to be lifted.

FINANCIALS

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a discussion of the consolidated financial condition and results of the operations of the Northwest Territories Hydro Corporation (NT Hydro) and the Northwest Territories Power Corporation (NTPC) for the year ended March 31, 2022. It should be read in conjunction with the audited consolidated financial statements and accompanying notes.

The enclosed 2021-22 financial statements adhere to Public Sector Accounting Standards (PSAS). All financial information is expressed in Canadian dollars.

Management assumes full responsibility for the information provided in this Discussion and Analysis and confirms that appropriate information systems, procedures and controls are in place to ensure that the information provided is complete and reliable.

This report contains forward-looking statements, including statements regarding the business and anticipated financial performance of the Corporations. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

100% Northern Owned

NTPC has been proud to be a territorial owned provider of power to the second largest jurisdiction in Canada since May 5, 1988, when the Government of the Northwest Territories (GNWT/Shareholder) acquired NTPC as a Crown Corporation from the Federal Government.

Either through direct distribution of power or wholesaling power to a third-party, NTPC serves most of the communities in the Northwest Territories (NWT). NTPC manages and maintains a system of generation, transmission and distribution assets over a territory-wide service area which includes communities that are only accessible by air, barge, or winter roads.

In 2007, GNWT passed the Northwest Territories Hydro Corporation Act, creating NT Hydro. As a result, NT Hydro owns 100% of NTPC, which is also a public agency established under the Northwest Territories Power Corporation Act. In addition to NTPC, NT Hydro owns 100% of the NWT Energy Corporation (03) Ltd. (NT Energy).

NT Hydro's main operations in 2021-22 were carried out by NTPC. NTPC is focused on its core business of providing reliable electricity services through generation of power by hydroelectric, diesel, natural gas and solar power generation facilities, as well as transmitting and distributing this power to customers in an environment regulated by the Northwest Territories Public Utilities Board (PUB).

NT Energy is a non-regulated subsidiary which is used to complete higher risk projects than those completed within NTPC. NT Energy's core focus is on growth targets in NTPC/NT Energy's 20 Year Strategic Plan specifically planning and developing safe and environmentally responsible energy projects to serve existing and new energy requirements in the Territories.

A Year in Review

COVID-19 Pandemic

COVID-19 continued to be a significant factor in meeting NTPC's operational and capital goals in 2021-22. Throughout the pandemic, NTPC placed great emphasis in keeping our staff, contractors, and customers as safe as possible given the continued risk of COVID-19 and its variants. This was achieved by following the recommendations of the NWT's Chief Public Health Officer and adhering to specific COVID-19 NTPC Safe Work Practices. This included working from home where possible, mask use, antigen testing and a mandatory vaccine requirement for staff and contractors.

COVID-19 also brought supply chain disruptions that led to procurement delays and cost increases on many required materials. This situation has been exacerbated by geopolitical conflict.

Flooding

In May 2021, the communities of Jean Marie River and Fort Simpson faced unprecedented flooding, with other communities along the Mackenzie and Peel Rivers, including Tulita and Aklavik, being less affected.

Jean Marie River was fully evacuated for a period of several weeks with most buildings damaged by flood waters. NTPC's plant was also damaged by flooding and repairs had to be made prior to returning the plant to service.

Fort Simpson's core was also evacuated for a period and de-energized. There was significant damage throughout the community but NTPC's plant remained above the flood line and was not damaged. The community's outlying areas were powered by emergency generation until the main plant was returned to service and buildings, affected by flooding, were re-energized where and when it was safe to do so.

Well above average water levels were experienced in both the North and South Slave areas. For the first time since 2014, NTPC was required to open gates on the Nonacho Lake dam, part of the Taltson River system, to meet water license parameters and safeguard assets.

General Rate Application

In March of 2022, NTPC filed a general rate application to the Public Utilities Board to ensure the revenue the Corporation collects through rates is recovering the cost of providing power to its customers and allows for the Corporation to continue to invest in infrastructure in order to provide secure, reliable power.

Inuvik Wind Project

The Inuvik High Point Wind (IHPW) project, which features the installation of a 3.5 MW wind turbine, a distribution extension and the installation of a battery electric storage system, met significant milestones in 2021-22. This included the delivery of the turbine components into the NWT and land permit approval which allowed construction to begin on the 6.25 KM access road to the turbine site. The IHPW project has the potential to save over three million liters of diesel fuel annually and reduce greenhouse gas emissions by 6,000 tonnes. In April 2021, the access road portion of the project, which was previously retained by the Department of Infrastructure, was transferred to NT Energy. This resulted in an overall increase of $9.9M to the NT Energy budget.

2021-22 Financial Results

The majority of NT Hydro’s operating results come from NTPC’s operations. NT Energy’s activities consist mostly of capital work in progress related to the Inuvik High Point Wind project.

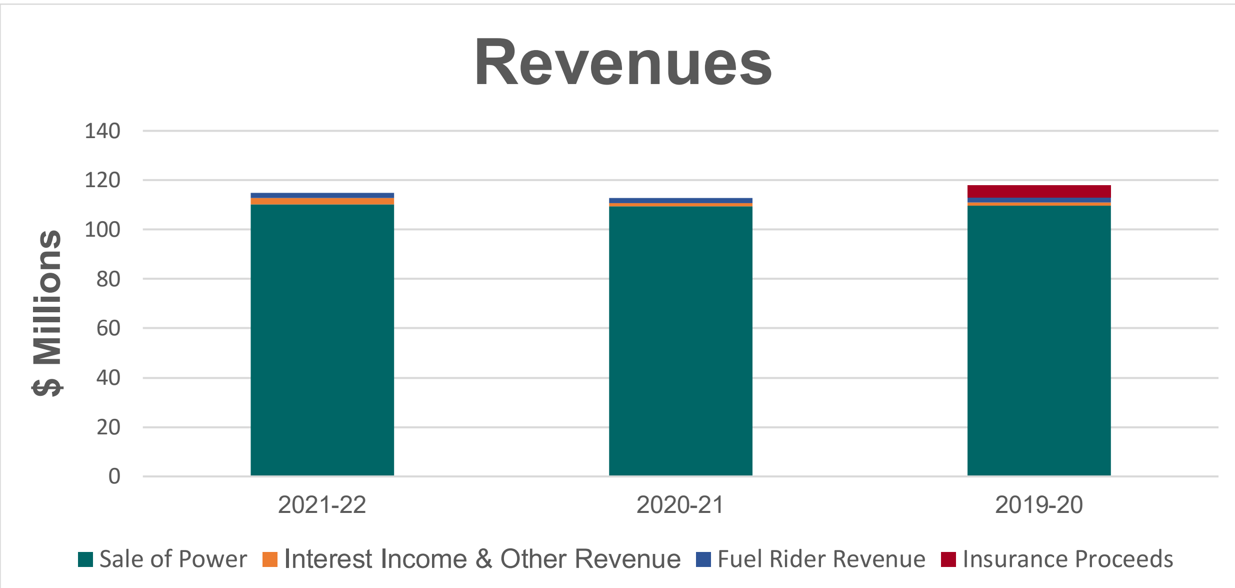
NTPC Results

The NWT continues its economic recovery from the COVID-19 Pandemic which has resulted in additional sales and contract revenue for NTPC. NTPC has also been able to move forward with some capital and maintenance work which had been delayed over the previous year.

Revenues

NTPC Performance Indicator	2021-22 Results	2020-21 Results	2019-20 Results
Revenues: Current Year vs Prior Year	100%	95%	105%
Revenues: Actual vs Budget	100%	98%	98%

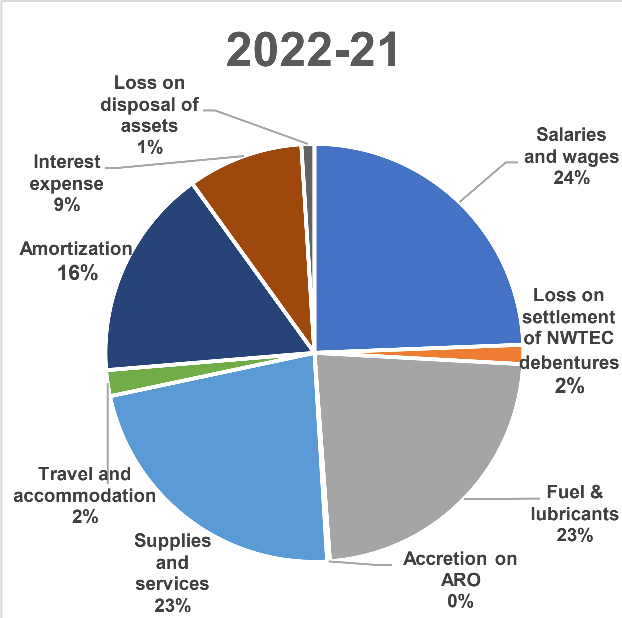
NTPC sales in 2021-22 had a modest gain over the previous year, indicative of the general economic recovery within the territory. Also reflective of the recovery, new customer construction revenues increased by 70%.

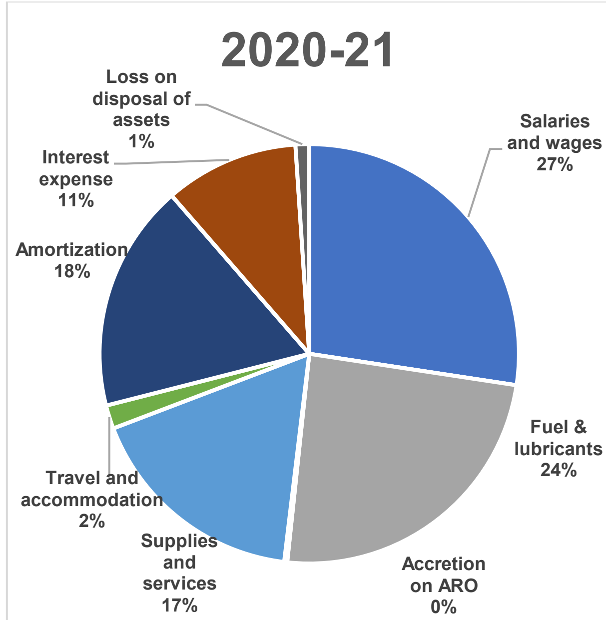


Expenses

NTPC Performance Indicator	2021-22 Results	2020-21 Results	2019-20 Results
Operating Expenses: Current Year vs Prior Year	108%	97%	100%
Operating Expenses: Actual vs Budget	99%	95%	103%

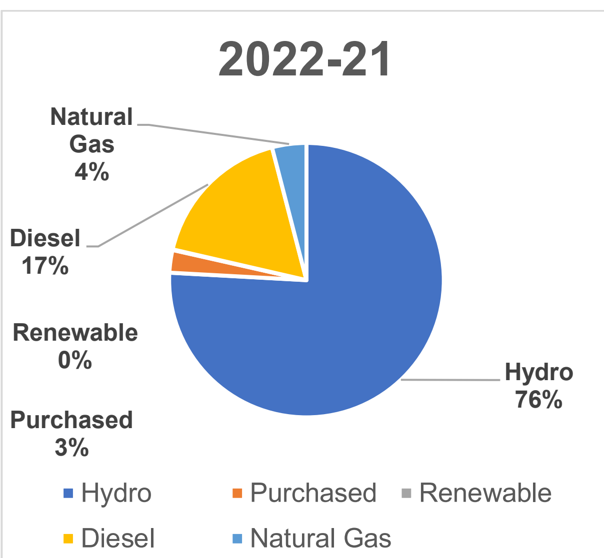
NTPC was below budget in 2021-22 but significantly higher than the previous year's total spending. Factors contributing to this increase include a significant increase in NTPC's environmental liability, increased insurance costs and the Snare Cascades debenture early redemption premium.

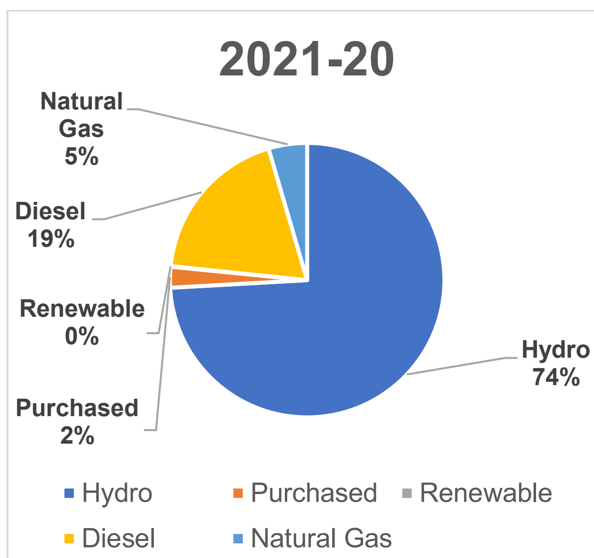




Generation by Source

Hydro continues to be NTPC's primary generation source, providing over 76% of all power generated. Diesel use overall fell as Yellowknife met 99.2% of its electricity demand with hydro generation, but overall fuel cost increased as prices increased in Q4.





Performance Indicators and Financing

NTPC Performance Indicator	2021-22 Results	2020-21 Results	2019-20 Results
Net Income as % Total Revenues	5%	16%	12%
Net Income as % Total Assets	1%	4%	3%
Debt to Equity	63:36	64:36	66:34

Net income, as a percentage of total revenues, fell relative to the previous year due to increased expense costs and decreased government funding.

Between 1994 and 1996, NTPC loaned the Dogrib Power Corporation $22.9M to construct the Snare Cascades hydroelectric plant. NTPC financed this loan through a series of three debentures. In 2021-22, the Dogrib Power Corporation repaid the outstanding balance of this loan and NTPC repaid the associated debentures. This has resulted in a reduction of interest revenue from the loan and corresponding interest expense for the debentures. This transaction also resulted in a one-time early redemption premium.

NT Hydro has several projects which are partially funded through government contributions based on the Investing in Canada Infrastructure Program (ICIP), Low Carbon Leadership, Arctic Energy and the Green Infrastructure Fund programs.

Look Ahead

Resource Challenges

The COVID-19 Pandemic will be a concern going forward as new variants continue to emerge. However, it has already created a legacy of supply chain issues, challenging contractor availability and changing employment expectations.

Worldwide shortages of commodities and products has resulted in significant delays and price increases in many items specific to the power industry such as power poles, transformers, conductors, and generators. Other more general items are also facing high inflationary pressures or production delays. Contractors are struggling to satisfy pent-up demand and even struggle to find workers.

Two years of remote work, work-from-home and other flexible work arrangements during COVID-19 has changed employee expectations about what employment looks like.

NTPC, like all utilities, has significant challenges in recruiting and retaining qualified workers.

The price of fuel has reached historical highs since the geopolitical events in eastern Europe began earlier this calendar year. NTPC relies on diesel fuel to generate power in many communities and large price increases puts pressure on electricity prices, with rate stabilization riders required to recover the increased electricity production costs.

Climate Change and Water Levels

In May 2022, the Town of Hay River and surrounding area experienced record flooding, forcing the evacuation of residents, including NTPC's head office. While many of NTPC's head office staff were directly impacted by the flooding, core operations continued with some head office employees operating out of other communities.

The impact of climate change, including both high-and low-water levels, remains one of the top risks for NTPC. The NWT is warming about three times the global rate, as highlighted in Canada's 2019 Changing Climate Report. To help mitigate climate change, NTPC/NT Energy's 2030 strategic plan is aligned with the GNWT's 2030 NWT Climate Change Strategic Framework and 2030 Energy Strategy, which aims to reduce GHG emissions from electricity generation. NTPC is accessing government programs to fund GHG reduction and advancing climate change mitigation projects.

Capital Expenditures

NT Hydro's strategic objectives include a focus on investing in core assets, increasing the distribution customer base, advancing Greenhouse Gas (GHG) reduction projects and reducing fuel consumption. The 2022-23 NT Hydro capital program includes projects to advance these strategic initiatives. The Hay River franchise acquisition will increase the distribution customer base, Inuvik Wind project will reduce fuel consumption and GHG emissions, and the construction of new high-efficiency diesel power plants in Łutselk'e and Sachs Harbour as well as overhauls of aging hydro infrastructure represents significant investment in core assets.

Projects deferred from 2020-21 and 2021-22 will resume in 2022-23 but others may be deferred further into the future, as the Corporation and its shareholder reassess whether there is sufficient capacity available to finance all capital projects within the original timeline.

NT Hydro continues to work closely with the GNWT in securing federal and territorial funding and to advance projects focused on GHG reductions or climate mitigation.

NT Hydro is expected to borrow long-term debt in 2022-23 to finance the construction of projects and will borrow the funds from the GNWT using the borrowing strategy first adopted in 2020-21.

NT Energy Mandate

The requirements of NT Energy have grown since the company was reactivated in 2017. Since that time, the GNWT has released the 2030 Energy and Climate Change Strategies and the role of the Department of Infrastructure's Energy Division has evolved. The role of NT Energy has also grown from the two main items first envisioned in 2017 to six as outlined below.

1. **Develop higher risk electricity projects that NTPC would not normally deliver**
   - Electricity projects that could have a negative impact on rate payers

2. **Increase NTPC Electricity Revenue from NTPC existing assets (business broker)**
   - Develop industrial customers
   - Pursue electrification, Bitcoin mining, agricultural indoor farming, and other opportunities

3. **Increase NT Energy Revenue**
   - Focus on energy and not just electricity
   - Develop off-grid industrial customers

4. **Liaise with Indigenous Governments, Communities, Companies & Education Facilities**
   - Develop energy partnerships and business opportunities
   - Engage with Indigenous governments and organizations, communities, customers and businesses on future energy needs
   - Liaise with the proposed new polytechnic university on energy training and jobs

5. **Liaise with GNWT and NTPC on Energy Policy**
   - Coordinated funded ICIP projects and NWT and Federal reporting requirements
   - Energy policy consultation (Net Metering, Power Purchase Agreements)

6. **Pursue Funding opportunities**
    - Project financing from the GNWT or Federal Government

Respectfully submitted,

Paul Grant
Chief Financial Officer
Northwest Territories Power Corporation

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.

Cory Strang
Chief Executive Officer

Paul Grant
Chief Financial Officer

Hay River, NT
August 3, 2022

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Hydro Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Hydro Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations, and the by-laws of the Northwest Territories Hydro Corporation.

In our opinion, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Hydro Corporation Act*, we report that, in our opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Hydro Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Hydro Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Lana Dar

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
3 August 2022

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2022	2021
Financial assets		
Cash	$ 9,927	$ 4,748
Revenues receivable (Note 3)	13,229	13,292
Government contributions receivable (Note 17)	3,505	2,364
Loan receivable (Note 4)	-	9,741
Investment in Aadrii Ltd.	372	440
	27,033	**30,585**
Liabilities		
Operating line of credit (Note 5)	950	2
Accounts payable and accrued liabilities	27,276	20,342
Debenture debt owing to third parties (Note 6)	190,749	203,415
Debenture debt owing to the GNWT (Note 6)	38,573	39,527
Asset retirement obligations (Note 7)	7,962	8,959
Environmental liabilities (Note 8)	17,619	14,368
Capital lease obligation (Note 4)	15,950	16,355
Other employee future benefits (Note 9)	1,977	2,831
Deferred government contributions (Note 17)	13,117	5,343
	314,173	**311,142**
Net debt	**(287,140)**	**(280,557)**
Non-financial assets		
Tangible capital assets (Note 10)	458,839	433,910
Inventories (Note 11)	10,459	9,025
Prepaid expenses	1,472	1,554
	470,770	**444,489**
Accumulated surplus / equity (Note 12)	**$ 183,630**	**$ 163,932**

Contractual obligations and contingent liability (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

Stephen Loutitt, Chairperson of the Board

Martin Goldney, Director

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Sale of power (Note 13)	$ 109,599	$ 110,155	$ 109,536
Fuel rider revenue	2,062	2,150	2,120
Other revenue and customer contributions (Note 14)	1,816	2,117	1,521
Interest income (Note 16)	947	424	1,091
(Loss) income from investment in Aadrii Ltd.	75	(69)	(39)
	114,499	**114,777**	**114,229**
Expenses (Note 15)			
Thermal generation	67,039	69,164	63,265
Hydro generation	24,222	22,770	20,646
Corporate services	16,663	14,661	14,465
Transmission, distribution and retail	11,262	10,811	11,036
Purchased power	2,707	3,141	2,063
Alternative power generation	203	201	218
	122,096	**120,748**	**111,693**
Surplus (Deficit) for the year before government contributions	**(7,597)**	**(5,971)**	**2,536**
Government contributions			
Other government contributions (Note 17)	23,613	25,669	17,582
Surplus for the year	**$ 16,016**	**$ 19,698**	**$ 20,118**
Accumulated surplus / equity, beginning of year	**163,932**	**163,932**	**143,814**
Accumulated surplus / equity, end of year	**$ 179,948**	**$ 183,630**	**$ 163,932**

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Surplus for the year	$ 16,016	$ 19,698	$ 20,118
Tangible capital assets			
Additions	(82,902)	(41,874)	(39,796)
Capitalized overhead	(6,160)	(3,339)	(5,597)
Capitalized interest (Note 16)	(1,400)	(1,488)	(1,288)
Disposals	10,199	2,043	1,185
Amortization (Note 10)	19,558	19,729	19,684
	(60,705)	**(24,929)**	**(25,812)**
Acquisition of inventories	(7,500)	(7,745)	(7,687)
Use of inventories	7,500	6,311	7,789
Acquisition of prepaids	(1,700)	(3,307)	(2,992)
Use of prepaids	1,700	3,389	2,766
	-	**(1,352)**	**(124)**
Increase in net debt for the year	**$ (44,689)**	**$ (6,583)**	**$ (5,818)**
Net debt, beginning of year	(280,557)	(280,557)	(274,739)
Net debt, end of year	**$ (325,246)**	**$ (287,140)**	**$ (280,557)**

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2022	2021
Cash provided by operating activities		
Cash receipts from customers	$ 115,386	$ 113,766
Government contributions received (Note 17)	32,302	20,786
Cash paid to suppliers	(50,978)	(56,940)
Cash paid to employees	(30,607)	(30,448)
Interest paid	(10,071)	(10,011)
Interest received	64	85
	56,096	**37,238**
Cash provided by investing activities		
Loan receivable receipts (Note 4)	9,220	397
	9,220	**397**
Cash used in capital activities		
Acquisition and development of tangible capital assets	(45,459)	(48,978)
Proceeds on sale of tangible capital assets	27	139
	(45,432)	**(48,839)**
Cash (used in) provided by financing activities		
Issuance of debenture debt	-	40,000
Repayment of capital lease obligation (Note 4)	(202)	(8)
Repayment of debenture debt	(13,664)	(5,086)
Prepayment penalty for debenture debt (Note 6)	(1,787)	-
Proceeds from (repayments of) operating line of credit	948	(20,957)
	(14,705)	**13,949**
Increase in cash	**$ 5,179**	**$ 2,745**
Cash, beginning of year	4,748	2,003
Cash, end of year	**$ 9,927**	**$ 4,748**

The accompanying notes are an integral part of these consolidated financial statements

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act.* NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 12).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations.

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. NTPC filed its 2016/19 GRA on June 30, 2016. This application requested a change to NTPC's amortization rates as well as its energy rates, which include a return on equity component. In Decision 16-2017 the PUB approved amortization rates and a return on equity for 2018-19 of 8%. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances.

The regulatory hearing process used to establish or change rates begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik in the last two years. PUB Decision 4-2019 approved the rider effective May 1, 2019. The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited.

NTPC filed a GRA in March 2022 with a single test year of 2022-23. The application is currently pending approval. There are no accounting implications of filing the GRA on the 2021-22 consolidated financial statements.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from the GNWT.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statement of NT Hydro consist of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NTPC's investment in its government business partnership (GBP) is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in write-downs to net realizable value.

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, loan receivable, due from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligations.

A provision for impairment of revenues receivable, government contributions receivable, and the loan receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2021-22 was 4.97% (2020-21 – 4.97%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB in Decision 8-2018 (Note 1(b)). The cost, less residual value, is amortized over its useful life on a straight-line basis based on the average life of the group. Amortization rates remain unchanged since 2016-17. Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2022 Rates (%)	**2021 Rates (%)**
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and are recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

j) Asset retirement obligations (ARO)

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the expected amount or timing of the underlying future cash flows. The amortization method utilized on ARO costs is consistent with the rates as outlined under Tangible Capital Assets *iv) Amortization.*

NT Hydro has identified sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized. NT Hydro reviews its estimates of ARO on an annual basis.

k) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual basis.

l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

m) Revenues

Revenues for the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel riders include accruals for electricity sales not yet billed.

Interest, other revenue and customer contributions are recognized on an accrual basis.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingent liabilities

The nature of NT Hydro's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

q) Future accounting changes

PSAB issued a new standard PS 3400 Revenues in November 2018. This standard has an effective date of April 1, 2023.

PSAB issued a new standard in November 2018 on Asset Retirement Obligations (PS 3280). This standard has an effective date of April 1, 2022.

NT Hydro continues to evaluate the potential impacts on its consolidated financial statements from the adoption of these standards.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

3. Revenues receivable

At March 31, 2022, the aging of revenues receivable was as follows:

	2022			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 11,339	$ 839	$ 228	$ 12,406
Non-utility	909	3	114	1,026
Allowance for doubtful accounts	-	-	(203)	(203)
	$ 12,248	$ 842	$ 139	$ 13,229

At March 31, 2021, the aging of revenues receivable was as follows:

	2021			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 12,256	$ 857	$ 449	$ 13,562
Non-utility	246	15	48	309
Allowance for doubtful accounts	-	(82)	(497)	(579)
	$ 12,502	$ 790	$ -	$ 13,292

The changes in the allowance for doubtful accounts were as follows:

	2022	2021
Balance, beginning of the year	$ (579)	$ (482)
Receivables written off	191	74
Change to allowance	185	(171)
Balance, end of the year	$ (203)	$ (579)

Revenues receivable on utility and non-utility accounts are generally due in 28 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2022, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts that will not be collected. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 20.

4. Loan receivable and capital lease obligations

Loan receivable

NWTEC loaned $22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The interest rate on the loan was 9.6%, which was the average rate of interest on NWTEC's debenture debt issued to finance the loan. During the year, DPC repaid the balance of the loan in full.

Prior to DPC paying off the loan receivable, the loan payments and the capital lease payments for the Snare Cascades were settled on a net basis and are presented on a net basis on the consolidated statement of cash flows. Loan receivable principal payments of $9,741 (2020-21 - $1,335) were received in the year and interest income of $360 (2020-21 - $1,005) was recorded in the year. The receipts net of lease payments received from DPC in the year were $9,220 (2020-21 - $397).

The lease payments made on the Snare Cascades lease after the DPC loan repayment were $202 (2020-21- $NIL).

Capital lease obligation

Snare Cascades

NTPC has a 65-year lease from the DPC for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The interest rate on the lease as of March 31, 2022 was 7.75% (2020-21 – 8.92%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 10).

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligation (continued)

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2023	$ 1,687
2024	1,656
2025	1,624
2026	1,593
2027	1,562
Thereafter	34,575
	42,697
Less: amounts representing imputed interest	(26,747)
Total capital lease obligation	**$ 15,950**

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and capital lease obligation can be found in Note 20.

5. Operating line of credit

NT Hydro has a $50,000 (2020-21 - $50,000) operating line of credit with its bank. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2022, NT Hydro has borrowed $950 (2020-21 - $2) against the line of credit including outstanding cheques and bank overdraft.

NT Hydro has one outstanding letter of credit for $3,145 as of March 31, 2022 (2020-21 - two letters of credit totalling $3,645) against its operating line of credit. This commitment terminates in 2022-23.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

6. Debenture debt

a) Owing to Third Parties

	2022	2021
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 54,224	$ 55,472
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	39,846	41,109
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first payment is interest only, the second payment is interest plus $667 principal	7,333	8,000
9.11% debenture series 3	-	3,737
9.75% debentures series 2	-	2,988
10% debenture series 1	-	2,807
	$ 191,403	$ 204,113
Less: unamortized premium, discount and issuance costs	(654)	(698)
	$ 190,749	$ 203,415

The GNWT guarantees all third party debenture debt.

The series 1, 2 and 3 debentures had due dates between May 1, 2025 and September 1, 2026. During the year, NWTEC repaid these three debentures after DPC repaid NTPC's loan receivable (Note 4). Included in the payout amount was principal, accrued interest and a prepayment penalty. The prepayment penalty of $1,787 is included in expenses (Note 15).

b) Owing to the GNWT

	2022	2021
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 38,573	$ 39,527

(in thousands of dollars)

Note 6. Debenture debt (continued)

Principal repayments for future years on all debenture debt are as follows:

2023	2024	2025	2026	2027	Thereafter	Total
$ 4,271	$ 4,413	$ 4,566	$ 19,721	$ 4,885	$192,120	$ 229,976

7. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $14,161 (2020-21 - $15,103).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 30 years with the majority occurring after 2039.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21– 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	2022	2021
Opening balance	$ 8,959	$ 8,878
Liabilities settled	(2)	-
Accretion expense	259	259
Valuation adjustment	(1,292)	(334)
Additions	38	156
Balance, end of year	$ 7,962	$ 8,959

8. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 23 sites (2020-21 - 23 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 8. Environmental liabilities (continued)

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $52,551 (2020-21 - $35,779).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 68 years with the majority occurring after 2054.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21 – 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

	2022	2021
Opening balance	$ 14,368	$ 16,521
Liabilities settled	(1,383)	(171)
Valuation adjustment	4,634	(1,982)
Balance, end of year	$ 17,619	$ 14,368

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 15).

9. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.02 times (2020-21 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2020-21 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $191 (2020-21 - $182) was 5.91 times (2020-21 – 3.59) the employee's contributions. Employer contributions of $2,288 (2020-21 - $2,306) were recognized as an expense in the current year. The employees' contribution to this plan was $2,148 (2020-21 - $2,188).

The Plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 9. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2022			2021		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 2,799	$ 221	$ 3,020	$ 3,089	$ 250	$ 3,339
Benefits earned	299	21	320	295	21	316
Interest	77	6	83	80	6	86
Benefits paid	(1,269)	(36)	(1,305)	(415)	(158)	(573)
Actuarial (gains) losses	1,391	55	1,446	(250)	102	(148)
Accrued benefit obligation, end of year	3,297	267	3,564	2,799	221	3,020
Unamortized net actuarial gain/(loss)	(1,255)	(332)	(1,587)	144	(333)	(189)
Net future obligation	$ 2,042	$ (65)	$ 1,977	$ 2,943	$ (112)	$ 2,831

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 9. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2022	2021
Current benefits earned	$ 320	$ 316
Interest	83	86
Amortization of net actuarial loss	48	65
	$ 451	$ 467

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2022	2021
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	3.4%	2.7%
Expected average remaining service life of related employee groups (EARSL)	10.4 years	8.5 years

(in thousands of dollars)

10. Tangible capital assets

March 31, 2022

	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 399,016	$ 107,816	$ 77,480	$ 28,733	$ 63,291	$ 676,336
Additions	38	-	-	-	46,663	46,701
Transfers – completed projects	9,763	997	3,762	-	(14,522)	-
Disposals and adjustments	(2,933)	(165)	(1,891)	-	-	(4,989)
Closing balance	405,884	108,648	79,351	28,733	95,432	718,048
Accumulated amortization						
Opening balance	(148,662)	(40,279)	(43,344)	(10,141)	-	(242,426)
Amortization	(11,854)	(2,624)	(4,791)	(460)	-	(19,729)
Disposals and adjustments	1,303	144	1,499	-	-	2,946
Closing balance	(159,213)	(42,759)	(46,636)	(10,601)	-	(259,209)
Net book value	**$ 246,671**	**$ 65,889**	**$ 32,715**	**$ 18,132**	**$ 95,432**	**$ 458,839**

March 31, 2021

	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 366,414	$ 104,929	$ 73,833	$ 28,733	$ 58,222	$ 632,131
Additions	156	-	-	-	46,525	46,681
Transfers – completed projects	34,404	3,098	3,954	-	(41,456)	-
Disposals and adjustments	(1,958)	(211)	(307)	-	-	(2,476)
Closing balance	399,016	107,816	77,480	28,733	63,291	676,336
Accumulated amortization						
Opening balance	(138,003)	(37,784)	(38,565)	(9,681)	-	(224,033)
Amortization	(11,574)	(2,597)	(5,053)	(460)	-	(19,684)
Disposals and adjustments	915	102	274	-	-	1,291
Closing balance	(148,662)	(40,279)	(43,344)	(10,141)	-	(242,426)
Net book value	**$ 250,354**	**$ 67,537**	**$ 34,136**	**$ 18,592**	**$ 63,291**	**$ 433,910**

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Inventories

	2022	2021
Materials, supplies and lubricants	$ 5,200	$ 5,253
Critical spare parts	4,989	3,483
Fuel	270	289
	$ 10,459	$ 9,025

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 19. Diesel fuel requirements for the remaining 20 plants are managed under the fuel management services agreement described in Note 19.

12. Accumulated surplus / equity

	2022	2021
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	140,501	120,803
	$ 183,630	$ 163,932

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2022, 1 common share (2020-21 – 1 common share), at $43,129 per share (2020-21 – $43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

13. Sale of power

	2022	2021
Power sales to external customers	$ 82,023	$ 81,954
Power sales to GNWT and related parties	16,947	16,441
GNWT TPSP payments	6,550	6,442
GNWT HSP payments	4,635	4,699
	$ 110,155	$ 109,536

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 13. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

14. Other revenue and customer contributions

	2022	2021
Contract work	$ 575	$ 343
Heat revenues	482	370
Connection fees	410	302
Pole rental	373	346
Contributions in aid of construction	277	160
	$ 2,117	$ 1,521

15. Expenses

The following is a summary of the expenses for the year by object:

	2022	2021
Salaries and wages	$ 29,485	$ 30,320
Fuel and lubricants (Notes 18, 19)	27,638	27,178
Supplies and services	27,449	19,471
Amortization (Note 10)	19,729	19,684
Interest expense (Note 16)	10,775	11,569
Travel and accommodation	2,422	2,033
Loss on settlement of NWTEC debentures (Note 6)	1,787	-
Loss on disposal of assets	1,204	1,179
Accretion on ARO (Note 7)	259	259
	$ 120,748	$ 111,693

16. Interest expense and interest income

Interest expense

	2022	2021
Interest on debenture debt and capital leases (Notes 4, 6)	$ 12,014	$ 12,526
Short-term debt financing costs	249	331
Capitalized interest during construction	(1,488)	(1,288)
	$ 10,775	$ 11,569

Interest income

	2022	2021
Income on loan receivable (Note 4)	$ 360	$ 1,005
Income from overdue accounts and bank balances	64	86
	$ 424	$ 1,091

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Other government contributions

Government of Canada's Low Carbon Economy Leadership Fund

In 2021-22, NTPC entered into an agreement with the GNWT under the Government of Canada's Low Carbon Economy Leadership Fund (LCELF) for the following project:

Inuvik Power Plant – 3rd LNG Fuel Tank
This agreement is to support 75% of the cost of installation of a 3rd LNG tank at the Inuvik Power Plant to a maximum of $659. The agreement expires on March 31, 2023. During the year, NTPC did not receive any payments but incurred $135 in eligible expenditures. The amount of expenditures in excess of amount received, $135, has been recorded as a deferred government contribution.

Investing in Canada Infrastructure Program

In 2019-20, NTPC entered into agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program (ICIP) for the following projects:

Taltson Hydroelectric Facility Major Overhaul
This agreement is to support 75% of the cost of completing upgrades to various hydro, mechanical and electrical components of the facility in addition to the installation of a tailrace gate to a maximum of $17,820. The agreement expired March 31, 2022. During the year, NTPC received payments of $3,586 (2020-21 - $11,269). As of March 31, 2022, NTPC has incurred the maximum eligible expenditures per the agreement of $17,820. The amount of eligible expenditures incurred in excess of the amount received, $2,965 (2020-21 - $2,306), has been recorded as a deferred government contribution.

Lutsel K'e – New Diesel Power Plant Facility Project
This agreement is to support 75% of the cost of replacing the existing power plant in the community to a maximum of $8,775. The agreement expired March 31, 2022. During the year, NTPC received payments of $6,000 (2020-21 - $2,775). As of March 31, 2022, NTPC has incurred $7,155 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,620 (2020-21 - $698), has been recorded as a deferred liability.

Fort Simpson – Liquefied Natural Gas Power Generation Facility
This agreement is to support 75% of the cost to complete construction, installation and commissioning of a gas generation plant, as well as sufficient LNG storage and regasification to a maximum of $11,250. The agreement expires March 31, 2023. During the year, NTPC received payments of $0 (2020-21 - $2,350). As of March 31, 2022, NTPC has incurred $835 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,515 (2020-21 - $1,631), has been recorded as a deferred liability.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

In 2018-19, NT Hydro's subsidiaries entered into agreements with the GNWT under the Government of Canada's ICIP for the following projects:

Snare Forks Overhauls on Units 1 and 2
This agreement is to support 75% of the cost of completing turbine and generator upgrades on two units at NTPC's Snare Forks powerhouse to a maximum of $14,100. During the year, the agreement's expiry date was extended to May 30, 2022.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure including the costs associated with additional diesel generation. In 2019-20, NTPC received $5,000 in a preliminary installment on the insurance claim and recognized this amount as revenue. Further insurance proceeds may be receivable in the future and the amount, if any, will be recognized as revenue and a portion of the ICIP funding may be repayable. As of March 31, 2022, the amount of additional insurance proceeds cannot be reasonably estimated.

During the year, NTPC received payments of $1,080 (2020-21 - $0). Lifetime payments of $9,270 have been received. As of March 31, 2022, NTPC has incurred $9,170 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $100 (2020-21 - $726), has been recorded as a deferred liability.

Sachs Harbour Plant Replacement
This agreement is to support 75% of the costs to fund the installation and commissioning of a new power plant and fuel storage tanks in Sachs Harbour to a maximum of $7,481. The agreement expired March 31, 2022 and NTPC is currently in talks with the GNWT to amend the original agreement to extend beyond the expiration date. During the year, NTPC received payments of $1,881 (2020-21 - $1,200). Lifetime payments of $7,481 have been received. As of March 31, 2022, NTPC has incurred $5,265 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $2,216 (2020-21 - $517), has been recorded as a deferred liability.

Inuvik Wind
This agreement between NT Energy and the GNWT is to support 100% of the costs of the design, construction and commissioning of the Inuvik High Point Wind project, to a maximum of $39,900. The agreement has an expiry date of March 31, 2023. During the year, NT Energy received payments of $19,205 (2020-21 - $2,588). Lifetime payments of $26,652 have been received. As of March 31, 2022, NT Energy has incurred $19,556 (2020-21 - $5,698) of eligible expenditures. The amount received in excess of eligible expenditures incurred, $7,096, (2020-21 - $1,750) has been recorded as a deferred liability.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

The following table summarizes NT Hydro's budget and the actual eligible costs incurred on the respective projects. The actuals reflect the amounts that NT Hydro has recorded as other government contributions:

	2022 Budget	2022 Actuals	2021 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages		$ 4	$ 19	$ 28
Supplies and services		4,209	10,084	17,724
Transportation costs		32	3	68
	$ -	**$ 4,245**	**$ 10,106**	**$ 17,820**
Lutsel K'e Diesel Plant				
Salaries and wages		$ 8	$ 8	$ 20
Supplies and services		5,029	1,765	7,091
Transportation costs		41	1	44
	$ 6,000	**$ 5,078**	**$ 1,774**	**$ 7,155**
Fort Simpson LNG				
Salaries and wages		$ (9)	$ 91	$ 102
Supplies and services		124	490	730
Transportation costs		1	2	3
	$	**$ 116**	**$ 583**	**$ 835**
Snare Forks Overhauls				
Salaries and wages		$ 25	$ 114	$ 375
Supplies and services		1,651	1,070	8,295
Transportation costs		30	84	500
	$ 3,800	**$ 1,706**	**$ 1,268**	**$ 9,170**
Sachs Harbour Plant Replacement				
Salaries and wages		$ 9	$ 17	$ 49
Supplies and services		165	1,841	5,163
Transportation costs		8	11	53
	$ 1,881	**$ 182**	**$ 1,869**	**$ 5,265**
Inuvik Wind				
Salaries and wages		$ 74	$ 270	$ 628
Supplies and services		13,785	1,110	18,863
Transportation costs		-	(2)	66
	$ 11,586	**$ 13,859**	**$ 1,378**	**$ 19,557**
Total ICIP contributions	**$ 23,267**	**$ 25,186**	**$ 16,978**	**$ 59,802**
LCELF and other contributions	**$ 346**	**$ 483**	**$ -**	**$ 483**
Total government contributions	**$ 23,613**	**$ 25,669**	**$ 16,978**	**$ 60,285**

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

Other agreements

In 2021-22, NT Energy entered into three single year agreements with the GNWT. The first is for bridge funding costs associated with establishing an unregulated entity to facilitate the expansion of the electricity system through alternative energy development. The total agreement was for $250, all of which recognized as revenue in 2021-22 and included in government contributions receivable as of March 31, 2022.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for $98 of which $98 was recognized as revenue in 2021-22 and included in government contributions receivable as of March 31, 2022.

The third agreement was entered into to be utilized to further the work on the Fort Providence/Kakisa Transmission Line. The total agreement was for $550, all of which was received during the year. No costs as of March 31, 2022 were incurred for the project, and the amounts received are recorded as a deferred liability as it is anticipated that the agreement will be extended to March 31, 2023.

18. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

	2022	2021
Revenues		
Other revenue	$ 558	$ 341
Fuel rider revenue	457	458
	$ 1,015	$ 799
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	$ 20,295	$ 21,418
Other operating expenses	1,302	1,128
	$ 21,597	$ 22,546
Financial assets		
Revenues receivable		
Utility	$ 469	$ 966
Non-utility	-	2
	$ 469	$ 968
Liabilities		
Accounts payable to FSD for fuel (Note 19)	$ 3,731	$ 3,007
Other accounts payable and accrued liabilities	152	44
	$ 3,883	$ 3,051

(in thousands of dollars)

19. Contractual obligations and contingent liability

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2022.

	2023	2024 and subsequent
Operational and lease commitments	$ 18,158	$ 60

Capital projects

NT Hydro has contractual obligations of $30,327 related to capital projects, of which payments are expected to be made in 2022-23 and $4,880 in 2023-24.

In addition, NT Hydro had entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC had a fuel management services agreement with the FSD. Under this agreement, fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC were provided by FSD. The price of fuel under this agreement changed with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There was an annual minimum purchase requirement of 13,000 liters averaged over a 2 year period. The contract expired March 31, 2021 and a new contract is currently under negotiation. NTPC is following the terms of the old contract until a new contract is finalized.

LNG purchases

NTPC had an agreement with FSD to supply NTPC's Inuvik facilities with LNG that expired on March 31, 2020. The price of LNG under this agreement varied with FSD's costs, which included LNG fuel costs, which were subject to changes in the market price, transportation costs and an administrative fee. There were no minimum purchase requirements under the old contract. NTPC is currently in negotiations with FSD to sign a new agreement. NTPC is following the terms of the old contract until a new contract is finalized.

b) Contingent liability

NTPC has been charged with 11 counts of violating the Safety Act with respect to a worker fatality. Each charge carries a potential $500 fine and a $25 victim impact surcharge. The total fine and surcharge may therefore be $5,775. The likelihood of loss is unknown.

(in thousands of dollars)

20. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable, loan receivable, accounts payable and accrued liabilities, capital lease obligations, the operating line of credit and debenture debt.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2022	2021
Revenues receivable	$ 13,229	$ 13,292
Government contributions receivable	3,505	2,364
Loan receivable	-	9,741
Cash	9,927	4,748
	$ 26,661	$ 30,145

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Thirty-seven percent (2020-21 - 37%) of NTPC's sales of power are to two other utilities. Twenty-six percent (2020-21 - 26%) of sales of power, including HSP and TPSP are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Loan receivable

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place.

Cash

NT Hydro minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

(in thousands of dollars)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NTPC will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NTPC arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NTPC the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $50,000 operating line of credit with a reputable financial institution. The following table shows the maturities of the debenture debt, operating line of credit, Snare capital lease obligation and the associated loan receivable:

	March 31, 2022				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 4,271	$ 38,641	$ 132,401	$ 54,663	$ 229,976
Operating line of credit	950	-	-	-	950
Capital lease obligation	1,687	7,965	18,124	14,921	42,697
	$ 6,908	$ 46,606	$ 150,525	$ 69,584	$ 273,623

	March 31, 2021				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 5,834	$ 45,687	$ 133,212	$ 58,907	$ 243,640
Operating line of credit	2	-	-	-	2
Capital lease obligation	1,886	8,482	18,564	16,012	44,944
Loan receivable	(2,341)	(10,144)	-	-	(12,485)
	$ 5,381	$ 44,025	$ 151,776	$ 74,919	$ 276,101

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the loan receivable and debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

21. Comparative figures

Certain comparative figures included in these financial statements have been reclassified to conform with the current year presentation.

NORTHWEST TERRITORIES POWER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

NORTHWEST TERRITORIES POWER CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Power Corporation (NTPC) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NTPC's objectives, are protected from loss or unauthorized use, and that NTPC acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NTPC's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.

Cory Strang	**Paul Grant**
Chief Executive Officer	Chief Financial Officer

Hay River, NT
August 3, 2022

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Power Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Power Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Power Corporation Act* and regulations, and the by-laws of the Northwest Territories Power Corporation.

In our opinion, the transactions of the Northwest Territories Power Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Power Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Northwest Territories Power Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Power Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Power Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
3 August 2022

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2022	2021
Financial assets		
Cash	$ 597	$ 1,765
Revenues receivable (Note 3)	12,670	13,251
Government contributions receivable (Note 17)	3,157	2,364
Loan receivable (Note 4)	-	9,741
Due from related party	1,482	1,610
Investment in Aadrii Ltd.	372	440
	18,278	**29,171**
Liabilities		
Operating line of credit (Note 5)	950	2
Accounts payable and accrued liabilities	25,196	20,061
Debenture debt owing to third parties (Note 6)	190,749	203,415
Debenture debt owing to the GNWT (Note 6)	38,573	39,527
Asset retirement obligations (Note 7)	7,962	8,959
Environmental liabilities (Note 8)	17,619	14,368
Capital lease obligation (Note 4)	15,950	16,355
Other employee future benefits (Note 9)	1,977	2,831
Deferred government contributions (Note 17)	5,471	3,593
	304,447	**309,111**
Net debt	**(286,169)**	**(279,940)**
Non-financial assets		
Tangible capital assets (Note 10)	438,481	427,783
Inventories (Note 11)	10,459	9,025
Prepaid expenses	1,472	1,558
	450,412	**438,366**
Accumulated surplus / equity (Note 12)	**$ 164,243**	**$ 158,426**

Contractual obligations and contingent liability (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:

Stephen Loutitt, Chairperson of the Board

Martin Goldney, Director

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended March 31
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Sale of power (Note 13)	$ 109,599	$ 110,155	$ 109,536
Fuel rider revenue	2,062	2,150	2,120
Other revenue and customer contributions (Note 14)	1,816	2,117	1,521
Interest income (Note 16)	947	438	1,091
(Loss) income from investment in Aadrii Ltd.	75	(69)	(39)
	114,499	**114,791**	**114,229**
Expenses (Note 15)			
Thermal generation	67,039	69,164	63,265
Hydro generation	24,222	22,770	20,646
Corporate services	16,179	14,349	14,092
Transmission, distribution and retail	11,262	10,811	11,036
Purchased power	2,707	3,141	2,063
Alternative power generation	203	201	218
	121,612	**120,436**	**111,320**
Surplus (Deficit) for the year before government contributions	**(7,113)**	**(5,645)**	**2,909**
Government contributions			
Other government contributions (Note 17)	11,681	11,462	15,600
Surplus for the year	**$ 4,568**	**$ 5,817**	**$ 18,509**
Accumulated surplus / equity, beginning of year	**158,426**	**158,426**	**139,917**
Accumulated surplus / equity, end of year	**$ 162,994**	**$ 164,243**	**$ 158,426**

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Surplus for the year	$ 4,568	$ 5,817	$ 18,509
Tangible capital assets			
Additions	(71,316)	(27,635)	(38,329)
Capitalized overhead	(6,160)	(3,339)	(5,597)
Capitalized interest (Note 16)	(1,400)	(1,488)	(1,288)
Disposals	10,199	2,043	1,185
Amortization (Note 10)	19,843	19,721	19,676
	(48,834)	**(10,698)**	**(24,353)**
Acquisition of inventories	(7,500)	(7,745)	(7,687)
Use of inventories	7,500	6,311	7,789
Acquisition of prepaids	(1,700)	(3,300)	(2,996)
Use of prepaids	1,700	3,386	2,766
	-	**(1,348)**	**(128)**
Increase in net debt for the year	**$ (44,266)**	**$ (6,229)**	**$ (5,972)**
Net debt, beginning of year	(279,940)	(279,940)	(273,968)
Net debt, end of year	**$ (324,206)**	**$ (286,169)**	**$ (279,940)**

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

		2022		2021
Cash provided by operating activities				
Cash receipts from customers	$	115,386	$	113,766
Government contributions received (Note 17)		12,547		17,594
Cash paid to suppliers		(50,833)		(56,988)
Cash paid to employees		(30,486)		(30,194)
Interest paid		(10,071)		(10,010)
Interest received		78		85
		36,621		**34,253**
Cash provided by investing activities				
Repayments from (advances to) related party		128		(72)
Loan receivable receipts (Note 4)		9,220		397
		9,348		**325**
Cash used in capital activities				
Acquisition and development of tangible capital assets		(32,459)		(47,420)
Proceeds on sale of tangible capital assets		27		139
		(32,432)		**(47,281)**
Cash (used in) provided by financing activities				
Issuance of debenture debt		-		40,000
Repayment of capital lease obligation (Note 4)		(202)		(8)
Repayment of debenture debt		(13,664)		(5,086)
Prepayment penalty for debenture debt (Note 6)		(1,787)		-
Proceeds from (repayments of) operating line of credit		948		(20,957)
		(14,705)		**13,949**
(Decrease) increase in cash	**$**	**(1,168)**	**$**	**1,246**
Cash, beginning of year		1,765		519
Cash, end of year	**$**	**597**	**$**	**1,765**

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES POWER CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Power Corporation (NTPC) was established under the *Northwest Territories Power Corporation Act.* NTPC is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Northwest Territories Hydro Corporation (NT Hydro) is the parent company and holds all of the common shares of NTPC. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro and owns one preferred share of NTPC (Note 12).

NTPC owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydroelectric facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations. Separate consolidated financial statements for NT Hydro are prepared each year.

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. NTPC filed its 2016/19 GRA on June 30, 2016. This application requested a change to NTPC's amortization rates as well as its energy rates, which include a return on equity component. In Decision 16-2017 the PUB approved amortization rates and a return on equity for 2018-19 of 8%. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances.

The regulatory hearing process used to establish or change rates begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes.

NORTHWEST TERRITORIES POWER CORPORATION

Note 1. The Corporation (continued)

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik in the last two years. PUB Decision 4-2019 approved the rider effective May 1, 2019. The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited.

NTPC filed a GRA in March 2022 with a single test year of 2022-23. The application is currently pending approval. There are no accounting implications of filing the GRA on the 2021-22 consolidated financial statements.

c) Economic dependence

NTPC has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NTPC will depend on continued financial support from the GNWT.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NTPC consist of the transactions and balances of NTPC and its wholly-owned subsidiary. Inter-entity transactions and balances with the wholly-owned subsidiary are eliminated upon consolidation. NTPC's investment in its government business partnership (GBP) is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in a write-down to net realizable value.

d) Financial instruments

The financial instruments of NTPC are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, loan receivable, due from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligations.

Provisions for impairment of revenues receivable, government contributions receivable, due from related party and the loan receivable is established when there is objective evidence that NTPC will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2021-22 was 4.97% (2020-21 – 4.97%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NTPC's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB in Decision 8-2018 (Note 1(b)). The cost, less residual value, is amortized over its useful life on a straight-line basis based on the average life of the group. Amortization rates remain unchanged since 2016-17. Assets under construction are not amortized until they are ready for their intended productive use. NTPC uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

Annual amortization rates are as follows:

	2022 Rates (%)	2021 Rates (%)
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NTPC's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NTPC is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and are recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) *Severance and ultimate removal benefits*

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement or death of an employee.

Note 2. Significant accounting policies (continued)

ii) *Sick leave benefits*

NTPC provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate, do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

j) Asset retirement obligations (ARO)

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the expected amount or timing of the underlying future cash flows. The amortization method utilized on ARO costs is consistent with the rates as outlined under Tangible Capital Assets *iv) Amortization.*

NTPC has identified sites where NTPC expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized. NTPC reviews its estimates of ARO on an annual basis.

k) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NTPC is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NTPC's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NTPC reviews its estimates of environmental liabilities on an annual basis.

l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

m) Revenues

Revenues for the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel riders include accruals for electricity sales not yet billed.

Interest, other revenue and customer contributions are recognized on an accrual basis.

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingent liabilities

The nature of NTPC's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NTPC to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NTPC are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

q) Future accounting changes

PSAB issued a new standard PS 3400 Revenues in November 2018. This standard has an effective date of April 1, 2023.

PSAB issued a new standard in November 2018 on Asset Retirement Obligations (PS 3280). This standard has an effective date of April 1, 2022.

NTPC continues to evaluate the potential impacts on its consolidated financial statements from the adoption of these standards.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

3. Revenues receivable

At March 31, 2022, the aging of revenues receivable was as follows:

	2022			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 11,339	$ 839	$ 228	$ 12,406
Non-utility	350	3	114	467
Allowance for doubtful accounts	-	-	(203)	(203)
	$ 11,689	$ 842	$ 139	$ 12,670

At March 31, 2021, the aging of revenues receivable was as follows:

	2021			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 12,256	$ 857	$ 449	$ 13,562
Non-utility	204	16	48	268
Allowance for doubtful accounts	-	(82)	(497)	(579)
	$ 12,460	$ 791	$ -	$ 13,251

The changes in the allowance for doubtful accounts were as follows:

	2022	2021
Balance, beginning of the year	$ (579)	$ (482)
Receivables written off	191	74
Change to allowance	185	(171)
Balance, end of the year	$ (203)	$ (579)

Revenues receivable on utility and non-utility accounts are generally due in 28 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2022, NTPC provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts that will not be collected. Additional disclosures on NTPC's exposure and management of credit risk associated with revenues receivable can be found in Note 20.

4. Loan receivable and capital lease obligation

Loan receivable

NWTEC loaned $22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The interest rate on the loan was 9.6%, which was the average rate of interest on NWTEC's debenture debt issued to finance the loan. During the year, DPC repaid the balance of the loan in full.

Prior to DPC paying off the loan receivable, the loan payments and the capital lease payments for the Snare Cascades were settled on a net basis and are presented on a net basis on the consolidated statement of cash flows. Loan receivable principal payments of $9,741 (2020-21 - $1,335) were received in the year and interest income of $360 (2020-21 - $1,005) was recorded in the year. The receipts net of lease payments received from DPC in the year were $9,220 (2020-21 - $397).

The lease payments made on the Snare Cascades lease after the DPC loan repayment were $202 (2020-21- $NIL).

Capital lease obligation

Snare Cascades

NTPC has a 65-year lease from the DPC for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The interest rate on the lease as of March 31, 2022 was 7.75% (2020-21 – 8.92%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 10).

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 4. Loan receivable and capital lease obligation (continued)

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2023	$	1,687
2024		1,656
2025		1,624
2026		1,593
2027		1,562
Thereafter		34,575
		42,697
Less: amounts representing imputed interest		(26,747)
Total capital lease obligation	**$**	**15,950**

Additional disclosures on NTPC's exposure and management of risk associated with the loan receivable and capital lease obligation can be found in Note 20.

5. Operating line of credit

NTPC has a $50,000 (2020-21 - $50,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2022, NTPC has borrowed $950 (2020-21 - $2) against the line of credit including outstanding cheques and bank overdraft.

NTPC has one outstanding letter of credit for $3,145 as of March 31, 2022 (2020-21 - two letters of credit totalling $3,645) against its operating line of credit. This commitment terminates in 2022-23.

(in thousands of dollars)

6. Debenture debt

a) Owing to Third Parties

	2022	2021
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 54,224	$ 55,472
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	39,846	41,109
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first payment is interest only, the second payment is interest plus $667 principal	7,333	8,000
9.11% debenture series 3	-	3,737
9.75% debentures series 2	-	2,988
10% debenture series 1	-	2,807
	$ 191,403	$ 204,113
Less: unamortized premium, discount and issuance costs	(654)	(698)
	$ 190,749	$ 203,415

The GNWT guarantees all third party debenture debt.

The series 1, 2 and 3 debentures had due dates between May 1, 2025 and September 1, 2026. During the year, NWTEC repaid these three debentures after DPC repaid NTPC's loan receivable (Note 4). Included in the payout amount was principal, accrued interest and a prepayment penalty. The prepayment penalty of $1,787 is included in expenses (Note 15).

b) Owing to the GNWT

	2022	2021
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 38,573	$ 39,527

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 6. Debenture debt (continued)

Principal repayments for future years on all debenture debt are as follows:

2023	2024	2025	2026	2027	Thereafter	Total
$ 4,271	$ 4,413	$ 4,566	$ 19,721	$ 4,885	$192,120	$ 229,976

7. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $14,161 (2020-21 - $15,103).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 30 years with the majority occurring after 2039.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21– 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	2022	2021
Opening balance	$ 8,959	$ 8,878
Liabilities settled	(2)	-
Accretion expense	259	259
Valuation adjustment	(1,292)	(334)
Additions	38	156
Balance, end of year	$ 7,962	$ 8,959

8. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 23 sites (2020-21 - 23 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 8. Environmental liabilities (continued)

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $52,551 (2020-21 - $35,779).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 68 years with the majority occurring after 2054.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21 – 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

		2022		2021
Opening balance	$	14,368	$	16,521
Liabilities settled		(1,383)		(171)
Valuation adjustment		4,634		(1,982)
Balance, end of year	$	17,619	$	14,368

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 15).

9. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.02 times (2020-21 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2020-21 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $191 (2020-21 - $182) was 5.91 times (2020-21 – 3.59) the employee's contributions. Employer contributions of $2,288 (2020-21 - $2,306) were recognized as an expense in the current year. The employees' contribution to this plan was $2,148 (2020-21 - $2,188).

The Plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 9. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2022			2021		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 2,799	$ 221	$ 3,020	$ 3,089	$ 250	$ 3,339
Benefits earned	299	21	320	295	21	316
Interest	77	6	83	80	6	86
Benefits paid	(1,269)	(36)	(1,305)	(415)	(158)	(573)
Actuarial (gains) losses	1,391	55	1,446	(250)	102	(148)
Accrued benefit obligation, end of year	3,297	267	3,564	2,799	221	3,020
Unamortized net actuarial gain/(loss)	(1,255)	(332)	(1,587)	144	(333)	(189)
Net future obligation	$ 2,042	$ (65)	$ 1,977	$ 2,943	$ (112)	$ 2,831

NTPC provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee’s normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 9. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2022	2021
Current benefits earned	$ 320	$ 316
Interest	83	86
Amortization of net actuarial loss	48	65
	$ 451	$ 467

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2022	2021
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	3.4%	2.7%
Expected average remaining service life of related employee groups (EARSL)	10.4 years	8.5 years

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

10. Tangible capital assets

	March 31, 2022					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 399,016	$ 107,816	$ 77,414	$ 28,733	$ 57,214	$ 670,193
Additions	38	-	-	-	32,424	32,462
Transfers – completed projects	9,763	997	3,762	-	(14,522)	-
Disposals and adjustments	(2,933)	(165)	(1,891)	-	-	(4,989)
Closing balance	405,884	108,648	79,285	28,733	75,116	697,666
Accumulated amortization						
Opening balance	(148,662)	(40,279)	(43,328)	(10,141)	-	(242,410)
Amortization	(11,854)	(2,624)	(4,783)	(460)	-	(19,721)
Disposals and adjustments	1,303	144	1,499	-	-	2,946
Closing balance	(159,213)	(42,759)	(46,612)	(10,601)	-	(259,185)
Net book value	**$ 246,671**	**$ 65,889**	**$ 32,673**	**$ 18,132**	**$ 75,116**	**$ 438,481**

	March 31, 2021					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 366,414	$ 104,929	$ 73,767	$ 28,733	$ 53,612	$ 627,455
Additions	156	-	-	-	45,058	45,214
Transfers – completed projects	34,404	3,098	3,954	-	(41,456)	-
Disposals and adjustments	(1,958)	(211)	(307)	-	-	(2,476)
Closing balance	399,016	107,816	77,414	28,733	57,214	670,193
Accumulated amortization						
Opening balance	(138,003)	(37,784)	(38,557)	(9,681)	-	(224,025)
Amortization	(11,574)	(2,597)	(5,045)	(460)	-	(19,676)
Disposals and adjustments	915	102	274	-	-	1,291
Closing balance	(148,662)	(40,279)	(43,328)	(10,141)	-	(242,410)
Net book value	**$ 250,354**	**$ 67,537**	**$ 34,086**	**$ 18,592**	**$ 57,214**	**$ 427,783**

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

11. Inventories

		2022		2021
Materials, supplies and lubricants	$	5,200	$	5,253
Critical spare parts		4,989		3,483
Fuel		270		289
	$	10,459	$	9,025

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 19. Diesel fuel requirements for the remaining 20 plants are managed under the fuel management services agreement described in Note 19.

12. Accumulated surplus / equity

		2022		2021
Share capital, common and preferred shares	$	43,129	$	43,129
Accumulated operating surplus / equity		121,114		115,297
	$	164,243	$	158,426

The authorized share capital of NTPC is comprised of an unlimited number of common shares without par value and one preferred, non-cumulative share without par value. As at March 31, 2022, 431,288,000 common shares (2020-21 – 431,288,000 common shares) at ten cents per share (2020-21 – ten cents per share) have been issued and fully paid, and one preferred share at one dollar. NTPC may only issue its preferred shares to the GNWT.

13. Sale of power

		2022		2021
Power sales to external customers	$	82,023	$	81,954
Power sales to GNWT and related parties		16,947		16,441
GNWT TPSP payments		6,550		6,442
GNWT HSP payments		4,635		4,699
	$	110,155	$	109,536

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 13. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

14. Other revenue and customer contributions

	2022	2021
Contract work	$ 575	$ 343
Heat revenues	482	370
Connection fees	410	302
Pole rental	373	346
Contributions in aid of construction	277	160
	$ 2,117	$ 1,521

15. Expenses

The following is a summary of the expenses for the year by object:

	2022	2021
Salaries and wages	$ 29,366	$ 30,066
Fuel and lubricants (Notes 18, 19)	27,638	27,178
Supplies and services	27,271	19,360
Amortization (Note 10)	19,721	19,676
Interest expense (Note 16)	10,775	11,569
Travel and accommodation	2,415	2,033
Loss on settlement of NWTEC debentures (Note 6)	1,787	-
Loss on disposal of assets	1,204	1,179
Accretion on ARO (Note 7)	259	259
	$ 120,436	$ 111,320

16. Interest expense and interest income

Interest expense

	2022	2021
Interest on debenture debt and capital leases (Notes 4, 6)	$ 12,014	$ 12,526
Short-term debt financing costs	249	331
Capitalized interest during construction	(1,488)	(1,288)
	$ 10,775	$ 11,569

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 16. Interest expense and interest income (continued)

Interest income

		2022		2021
Income on loan receivable (Note 4)	$	360	$	1,005
Income from overdue accounts and bank balances		78		86
	$	438	$	1,091

17. Other government contributions

Government of Canada's Low Carbon Economy Leadership Fund

In 2021-22, NTPC entered into an agreement with the GNWT under the Government of Canada's Low Carbon Economy Leadership Fund (LCELF) for the following project:

Inuvik Power Plant – 3rd LNG Fuel Tank
This agreement is to support 75% of the cost of installation of a 3rd LNG tank at the Inuvik Power Plant to a maximum of $659. The agreement expires on March 31, 2023. During the year, NTPC did not receive any payments but incurred $135 in eligible expenditures. The amount of expenditures in excess of amount received, $135, has been recorded as a deferred government contribution.

Investing in Canada Infrastructure Program

In 2019-20, NTPC entered into agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program (ICIP) for the following projects:

Taltson Hydroelectric Facility Major Overhaul
This agreement is to support 75% of the cost of completing upgrades to various hydro, mechanical and electrical components of the facility in addition to the installation of a tailrace gate to a maximum of $17,820. The agreement expired March 31, 2022. During the year, NTPC received payments of $3,586 (2020-21 - $11,269). As of March 31, 2022, NTPC has incurred the maximum eligible expenditures per the agreement of $17,820. The amount of eligible expenditures incurred in excess of the amount received, $2,965 (2020-21 - $2,306), has been recorded as a deferred government contribution.

Lutsel K'e – New Diesel Power Plant Facility Project
This agreement is to support 75% of the cost of replacing the existing power plant in the community to a maximum of $8,775. The agreement expired March 31, 2022. During the year, NTPC received payments of $6,000 (2020-21 - $2,775). As of March 31, 2022, NTPC has incurred $7,155 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,620 (2020-21 - $698), has been recorded as a deferred liability.

Note 17. Other government contributions (continued)

Fort Simpson – Liquefied Natural Gas Power Generation Facility
This agreement is to support 75% of the cost to complete construction, installation and commissioning of a gas generation plant, as well as sufficient LNG storage and regasification to a maximum of $11,250. The agreement expires March 31, 2023. During the year, NTPC received payments of $0 (2020-21 - $2,350). As of March 31, 2022, NTPC has incurred $835 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $1,515 (2020-21 - $1,631), has been recorded as a deferred liability.

In 2018-19, NTPC entered into agreements with the GNWT under the Government of Canada's ICIP for the following projects:

Snare Forks Overhauls on Units 1 and 2
This agreement is to support 75% of the cost of completing turbine and generator upgrades on two units at NTPC's Snare Forks powerhouse to a maximum of $14,100. During the year, the agreement's expiry date was extended to May 30, 2022.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure including the costs associated with additional diesel generation. In 2019-20, NTPC received $5,000 in a preliminary installment on the insurance claim and recognized this amount as revenue. Further insurance proceeds may be receivable in the future and the amount, if any, will be recognized as revenue and a portion of the ICIP funding may be repayable. As of March 31, 2022, the amount of additional insurance proceeds cannot be reasonably estimated.

During the year, NTPC received payments of $1,080 (2020-21 - $0). Lifetime payments of $9,270 have been received. As of March 31, 2022, NTPC has incurred $9,170 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $100 (2020-21 - $726), has been recorded as a deferred liability.

Sachs Harbour Plant Replacement
This agreement is to support 75% of the costs to fund the installation and commissioning of a new power plant and fuel storage tanks in Sachs Harbour to a maximum of $7,481. The agreement expired March 31, 2022 and NTPC is currently in talks with the GNWT to amend the original agreement to extend beyond the expiration date. During the year, NTPC received payments of $1,881 (2020-21 - $1,200). Lifetime payments of $7,481 have been received. As of March 31, 2022, NTPC has incurred $5,265 of eligible expenditures. The amount received in excess of eligible expenditures incurred, $2,216 (2020-21 - $517), has been recorded as a deferred liability.

(in thousands of dollars)

Note 17. Other government contributions (continued)

The following table summarizes NTPC's budget and the actual eligible costs incurred on the respective ICIP and LCELF projects. The actuals reflect the amounts that NTPC has recorded as other government contributions:

	2022 Budget	2022 Actuals	2021 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages		$ 4	$ 19	$ 28
Supplies and services		4,209	10,084	17,724
Transportation costs		32	3	68
	$ -	**$ 4,245**	**$ 10,106**	**$ 17,820**
Lutsel K'e Diesel Plant				
Salaries and wages		$ 8	$ 8	$ 21
Supplies and services		5,029	1,765	7,089
Transportation costs		41	1	45
	$ 6,000	**$ 5,078**	**$ 1,774**	**$ 7,155**
Fort Simpson LNG				
Salaries and wages		$ (9)	$ 91	$ 102
Supplies and services		124	490	730
Transportation costs		1	2	3
	$ -	**$ 116**	**$ 583**	**$ 835**
Snare Forks Overhauls				
Salaries and wages		$ 25	$ 114	$ 375
Supplies and services		1,651	1,070	8,295
Transportation costs		30	84	500
	$ 3,800	**$ 1,706**	**$ 1,268**	**$ 9,170**
Sachs Harbour Plant Replacement				
Salaries and wages		$ 9	$ 17	$ 49
Supplies and services		165	1,841	5,163
Transportation costs		8	11	53
	$ 1,881	**$ 182**	**$ 1,869**	**$ 5,265**
Total ICIP contributions	**$ 11,681**	**$ 11,327**	**$ 15,600**	**$ 40,245**
LCELF contributions	**$ -**	**$ 135**	**$ -**	**$ 135**
Total government contributions	**$ 11,681**	**$ 11,462**	**$ 15,600**	**$ 40,380**

(in thousands of dollars)

18. Related party transactions and balances

NTPC is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NTPC provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

	2022	2021
Revenues		
Other revenue	$ 558	$ 341
Fuel rider revenue	457	458
	$ 1,015	$ 799
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	$ 20,295	$ 21,418
Other operating expenses	1,302	1,128
	$ 21,597	$ 22,546
Financial assets		
Revenues receivable		
Utility	$ 469	$ 966
Non-utility	-	2
	$ 469	$ 968
Liabilities		
Accounts payable to FSD for fuel (Note 19)	$ 3,731	$ 3,007
Other accounts payable and accrued liabilities	152	44
	$ 3,883	$ 3,051

(in thousands of dollars)

19. Contractual obligations and contingent liability

a) Contractual obligations

NTPC is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2022.

	2023	2024 and subsequent
Operational and lease commitments	$ 17,820	$ 60

Capital projects

NTPC has contractual obligations of $16,824 related to capital projects of which payments are expected to be made in 2022-23 and $4,880 in 2023-24.

In addition, NTPC had the following contractual obligations with related parties:

Fuel management services agreement

NTPC had a fuel management services agreement with the FSD. Under this agreement, fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC were provided by FSD. The price of fuel under this agreement changed with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There was an annual minimum purchase requirement of 13,000 liters averaged over a 2 year period. The contract expired March 31, 2021 and a new contract is currently under negotiation. NTPC is following the terms of the old contract until a new contract is finalized.

LNG purchases

NTPC had an agreement with FSD to supply NTPC's Inuvik facilities with LNG that expired on March 31, 2020. The price of LNG under this agreement varied with FSD's costs, which included LNG fuel costs, which were subject to changes in the market price, transportation costs and an administrative fee. There were no minimum purchase requirements under the old contract. NTPC is currently in negotiations with FSD to sign a new agreement. NTPC is following the terms of the old contract until a new contract is finalized.

b) Contingent liability

NTPC has been charged with 11 counts of violating the Safety Act with respect to a worker fatality. Each charge carries a potential $500 fine and a $25 victim impact surcharge. The total fine and surcharge may therefore be $5,775. The likelihood of loss is unknown.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

20. Financial instruments and risk management

NTPC's financial instruments include cash, revenues receivable, government contributions receivable, due from related party, loan receivable, accounts payable and accrued liabilities, capital lease obligations, the operating line of credit and debenture debt.

NTPC is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NTPC manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NTPC by failing to discharge its obligation. The following table sets out NTPC's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2022	2021
Revenues receivable	$ 12,670	$ 13,251
Government contributions receivable	3,157	2,364
Loan receivable	-	9,741
Due from related party	1,482	1,610
Cash	597	1,765
	$ 17,906	$ 28,731

Revenues receivable

NTPC minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Thirty-seven percent (2020-21 - 37%) of NTPC's sales of power are to two other utilities. Twenty-six percent (2020-21 - 26%) of sales of power, including HSP and TPSP are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Loan receivable

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place.

Due from related party

This balance is the receivable NTPC holds from NT Energy for various transactions and is due on demand. The credit risk associated with this receivable is minimized because NT Energy is owned by NT Hydro, the parent corporation to both NTPC and NT Energy, and NT Hydro is owned by the GNWT.

(in thousands of dollars)

NORTHWEST TERRITORIES POWER CORPORATION

Note 20. Financial instruments and risk management (continued)

Cash

NTPC minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

b) Liquidity risk

Liquidity risk is the risk that NTPC will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NTPC arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NTPC the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $50,000 operating line of credit with a reputable financial institution. The following table shows the maturities of the operating line of credit, debenture debt, Snare capital lease obligation and the associated loan receivable:

	March 31, 2022				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 4,271	$ 38,641	$ 132,401	$ 54,663	$ 229,976
Operating line of credit	950	-	-	-	950
Capital lease obligation	1,687	7,965	18,124	14,921	42,697
	$ 6,908	$ 46,606	$ 150,525	$ 69,584	$ 273,623

	March 31, 2021				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 5,834	$ 45,687	$ 133,212	$ 58,907	$ 243,640
Operating line of credit	2	-	-	-	2
Capital lease obligation	1,886	8,482	18,564	16,012	44,944
Loan receivable	(2,341)	(10,144)	-	-	(12,485)
	$ 5,381	$ 44,025	$ 151,776	$ 74,919	$ 276,101

NORTHWEST TERRITORIES POWER CORPORATION

Note 20. Financial instruments and risk management (continued)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the loan receivable and debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

21. Comparative figures

Certain comparative figures included in these financial statements have been reclassified to conform with the current year presentation.

NORTHWEST TERRITORIES POWER CORPORATION

RECONCILIATION FROM PSAS CONSOLIDATED FINANCIAL INFORMATION TO RATE REGULATED ACCOUNTING CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2022

UNAUDITED

NTPC
Reconciliation from PSAS Consolidated Financial Balances to Rate Regulated Accounting Consolidated Financial Balances
As at March 31, 2022
UNAUDITED

	PSAS Balances	Reclassification Adjustments	Regulated Assets and Liabilities	TCA and ARO Adjustments	Other	Rate Regulated Balances
		Note 1	Note 2	Note 3	Note 4	
Assets						
Current assets						
Cash	$ 597	$ -	$ -	$ -	$ -	$ 597
Accounts receivables / Revenues receivable	12,670	3,157	-	-	-	15,827
Government contributions receivable	3,157	(3,157)				-
Due from related party	1,482	-	-	-	-	1,482
Inventories	10,459	(4,989)	-	-	-	5,470
Prepaid expenses	1,472	-	-	-	-	1,472
	29,837	(4,989)	-	-	-	24,848
Property, plant and equipment (net) / Tangible capital assets	438,481	4,989	-	8,780	5	452,255
Other long term assets						
Loan receivable	-	-	-	-	-	-
Investment in Aadrii Ltd.	372	-	-	-	-	372
Regulatory assets	-	-	22,620	-	-	22,620
	372	-	22,620	-	-	22,992
	$ 468,690	**$ -**	**$ 22,620**	**$ 8,780**	**$ 5**	**$ 500,095**
Liabilities and Shareholder's Equity						
Current liabilities						
Short-term debt	$ 950	$ -	$ -	$ -	$ -	$ 950
Accounts payable and accrued liabilities	25,196	-	-	-	(37)	25,159
Deferred government contributions	5,471	-	-	-	-	5,471
Current portion of long-term debt	-	4,271	-	-	-	4,271
	31,617	4,271	-	-	(37)	35,851
Long-term debt						
Long-term debt	229,322	(4,271)	-	-	(5,684)	219,367
Capital lease obligation	15,950	-	-	-	-	15,950
	245,272	(4,271)	-	-	(5,684)	235,317
Other non-current liabilities						
Regulatory liabilities	-	25,581	39,662	(51,161)	(2)	14,080
Asset retirement obligations / Environmental liabilities	25,581	(25,581)	-	25,581	-	25,581
Deferred government contributions	-	-	46,898	-	-	46,898
Other employee future benefits	1,977	-	-	-	65	2,042
	27,558	-	86,560	(25,580)	63	88,601
Shareholder's equity	164,243	-	(63,940)	34,360	5,663	140,326
	$ 468,690	**$ -**	**$ 22,620**	**$ 8,780**	**$ 5**	**$ 500,095**

NTPC
Reconciliation from PSAS Consolidated Financial Results to Rate Regulated Accounting Consolidated Financial Results
Year Ending March 31 2020
UNAUDITED

	PSAS Results	Reclassification Adjustments	Regulated Assets and Liabilities	TCA and ARO Adjustments	Other	Rate Regulated Accounting Results
		Note 1	Note 2	Note 3	Note 4	
Revenues						
Sale of power	$ 110,155	$ -	$ -	$ -	$ (1)	$ 110,154
Net investment income Aadrii Ltd.	(69)	69	-	-	-	-
Other government contributions	11,462	-	(11,462)	-	-	-
Other revenue	2,117	(69)	(377)	-	26	1,697
	123,665	-	(11,839)	-	25	111,851
Expenses						
Salaries and wages	-	29,366	(1,088)	18	(45)	28,251
Fuel and lubricants	-	27,638	(1,471)	(24)	-	26,143
Supplies and services	-	27,271	(3,838)	(4,740)	-	18,693
Amortization	-	19,721	(1,026)	520	(1)	19,214
Travel and accommodation	-	2,415	(293)	-	(1)	2,121
Amortization of deferred charges	-	(66)	6,924	-	(23)	6,835
Net loss on disposal of assets	-	1,204	(1,977)	773	-	-
Accretion on ARO	-	259	-	(259)	-	-
Thermal generation	69,164	(69,164)	-	-	-	-
Hydro generation	22,770	(22,770)	-	-	-	-
Corporate services	14,349	(14,349)	-	-	-	-
Transmission, distribution and retail	10,811	(10,811)	-	-	-	-
Purchased power	3,141	(3,141)	-	-	-	-
Alternative power generation	201	(201)	-	-	-	-
	120,436	(12,628)	(2,769)	(3,712)	(70)	101,257
Earnings from operations	3,229	12,628	(9,070)	3,712	95	10,594
Interest income	438	(360)	-	-	-	78
Earnings before interest expense	3,667	12,268	(9,070)	3,712	95	10,672
Interest expense	-	12,268	(290)	-	(1,526)	10,452
Net earnings before other	**$ 3,667**	**$ -**	**$ (8,780)**	**$ 3,712**	**$ 1,621**	**$ 220**
Fuel rider revenue	2,150	-	-	-	(2)	2,148
Offset to Rider Revenue	-	-	(2,148)	-	-	(2,148)
	2,150	-	(2,148)	-	(2)	-
Net income for the year	**$ 5,817**	**$ -**	**$ (10,928)**	**$ 3,712**	**$ 1,619**	**$ 220**
Shareholder's equity, beginning of year	115,297	-	(53,012)	30,648	4,044	96,977
Retained earnings, end of year	121,114	-	(63,940)	34,360	5,663	97,197
Share capital	43,129	-	-	-	-	43,129
Shareholder's equity, end of year	**$ 164,243**	**$ -**	**$ (63,940)**	**$ 34,360**	**$ 5,663**	**$ 140,326**

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
Year Ending March 31, 2022
UNAUDITED

Note 1 Under PSAS, expenses are classified by function - for Rate Regulated Accounting (RRA), they are classified by object (e.g. fuel, salaries etc.). To go from PSAS to RRA, expenses by function (e.g. Hydro Generation) are reduced and expenses by object are increased.

For RRA, assets and liabilities are classified between current (less than 1 year) and long term (longer than one year).

Under RRA, critical spare inventory is reclassified as property, plant and equipment (PPE).

Note 2 For RRA, regulatory assets and liabilities are recorded on the balance sheet.

To go from PSAS to RRA, regulatory expenses (e.g. overhaul costs), and opening equity are reduced and regulatory assets are increased. In addition, amortization expense is increased and regulatory assets are decreased to record amortization on regulatory assets in accordance with rates approved by the NWT Public Utilities Board (PUB).

Capital contribution revenue from the GNWT and customers are deferred under RRA but included in revenue for PSAS. To go from PSAS to RRA, revenue is reduced, opening equity is increased and regulatory liabilities are increased. The regulatory liabilities are amortized on the same basis as the related assets. To go from PSAS to RRA, amortization and regulatory liabilities are decreased for the amount of amortization on regulatory liabilities.

Note 3 Under PSAS, certain studies are not allowed to be recorded as capital assets and are expensed for PSAS purposes. To go from PSAS to RRA, expenses are reduced and PPE is increased. Amortization is also increased and net PPE is increased to record amortization expense on these study costs.

Net losses on disposal are recorded as an expense under PSAS in the year of disposal. For RRA, these net losses are deferred and netted with PPE. To go from PSAS to RRA, Net loss on disposal of assets is reduced and PPE is increased.

Asset retirement obligation costs are recorded as assets for PSAS and are not under RRA. To go from PSAS to RRA, PPE is reduced and opening equity is reduced. In addition, amortization expense and opening equity are reduced to eliminate the amortization expense on the asset retirement costs.

Note 4 Other adjustments related to differences in how NTPC accounted for its long term debt swap costs and sick leave. To go from PSAS to RRA, salaries expense was increased and other employee future benefits were decreased to account for sick leave accruals. Interest expense was increased, and opening equity and long term debt were decreased to account for the deferred swap costs.

During 2021-22 NTPC, settled three debentures and paid an early termination penalty of $1,787. This was included in PSAS interest expense but was deferred for RRA.

Northwest Territories Power Corporation
Northwest Territories Hydro Corporation
2021/22 Write Off
UNAUDITED

Community	Customer Name	Write Off Amount
Aklavik	Aklavik General Store	$ 775.16
Behchoko	Tyler Sage	592.14
Behchoko	Tina Tlokka	768.20
Behchoko	Celestine Rabesca	1,442.21
Behchoko	Henry Mantla	1,711.63
Colville Lake	Stephanie Orlias	511.78
Colville Lake	Barry Gully	6,788.02
Deline	Hannah Beyonnie	597.76
Deline	Jody Elemie	1,136.67
Fort Liard	Janetha Berreault	785.64
Fort McPherson	Leslie Snowshoe	590.63
Fort McPherson	Ernest Cook	785.97
Fort Resolution	Edith Giroux-Mack	805.94
Fort Resolution	Chrissy Lafferty	1,981.41
Fort Simpson	Mike Canney	731.62
Fort Simpson	Brad Okrainec	1,117.22
Fort Simpson	Estate Of Claude Fontaine	1,244.26
Fort Simpson	Arlie Brown	3,172.89
Fort Smith	April Wasylyshyn	922.26
Fort Smith	Robert Laviolette	994.01
Fort Smith	Jerry Bourke	1,101.49
Fort Smith	Vance Sanderson	1,125.55
Fort Smith	Darren Abraham	1,238.84
Fort Smith	Chris/Tracey Bird	1,318.01
Fort Smith	Vern Lepine	1,340.84
Fort Smith	Cathy Gibot	1,482.70
Fort Smith	Stephanie Mercredi	2,255.50
Fort Smith	Jannell Vermillion	2,735.10
Fort Smith	Jesse Goodstriker	3,205.67
Fort Smith	Darrell Cardinal	3,630.15
Fort Smith	507038 Nwt Ltd O/A Aces	16,364.68
Inuvik	Territorial Floor Covering	679.77
Inuvik	Emilio Fernandez	681.88
Inuvik	Patricia Gordon	1,070.70
Inuvik	Joyce Mcleod	1,147.23
Inuvik	Virgil Firth	1,517.18
Inuvik	Janine Hurst	1,820.49
Inuvik	Estate Of Mike Drescher	4,116.91
Inuvik	Midnight Mechanical	24,015.19
Inuvik	Arctic Groceries	58,649.98
Norman Wells	Cheyenne Menacho	516.70
Norman Wells	Rheall Bellerive	736.80
Norman Wells	Glen Tutcho	976.94
Norman Wells	Donny Gregory	1,051.89
Norman Wells	Mandi Mcdonald	4,996.49
Norman Wells	Cody Desjarlais	5,224.56
Paulatuk	Estate Of Elizabeth Kuptana	510.49
Paulatuk	Estate Of Sadie Ruben	598.66
Tsiigehtchic	Carey Blake	687.17
Tsiigehtchic	Fred Jerome	1,371.81
Tulita	Boyz R Us	1,205.49
Tulita	Vincent Fraser	1,576.62
Tulita	Jeannie Bavard	3,485.56
Whati	Richard Williah	512.22
		$ 180,404.68
	Amounts less than $500	19,085.86
	Total	$ 199,490.54